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ABSTRACT

This special report from the National Commission for Employment Policy on coordinating federal assistance programs for the economically disadvantaged contains two parts. Part 1 includes recommendations for improving public assistance coordination programs in general and employment and training programs in particular. Eight recommendations focus on the following: (1) leadership; (2) an economic empowerment task force; (3) eligibility criteria and technology grants; (4) reorganization; (5) simplifying oversight procedures and committee structures; (6) eligibility criteria and poverty levels; (7) state human resource councils; and (8) public assistance impact analysis. Part 2 is a background paper, "Federal Public Assistance Programs" (Neal S. Zank), that contains information on coordination and eligibility issues. After a program history, the following sections are included: coordination and management in the federal government; coordination and management in the states; and program eligibility criteria. Thirty references and three appendices are included: (1) descriptions of federal programs for the economically disadvantaged--cash assistance, medical assistance, food assistance, education assistance, employment and training assistance; (2) poverty thresholds and other measures; and (3) income eligibility tests used in programs for the economically disadvantaged. (NLA)

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Coordinating Federal Assistance Programs for the Economically Disadvantaged: Recommendations and Background Materials

SPECIAL REPORT

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National Commission for Employment Policy

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Coordinating Federal Assistance Programs for the Economically Disadvantaged: Recommendations and Background Materials

Special Report No. 31

October 1991

National Commission for Employment Policy

PREFACE

This report presents the National Commission for Employment Policy's recommendations for improving coordination in public assistance programs in general and employment and training programs in particular. Following the recommendations, we present the Commission's background paper on the coordination issues associated with these programs.

Approximately two years ago, the Commission became aware that the efficient provision of employment and training services was being somewhat hampered by a number of coordination and eligibility criteria problems. To address these problems, the Commission instituted a multi-phase project designed to improve coordination in employment and training programs. The Commission's "coordination project" is strongly in keeping with the Commission's focus on broad public policy issues while simultaneously enabling the Commission to examine issues vital to the provision of employment and training services. During the course of the project, we heard from almost 200 people involved at all levels of the public assistance system: those who develop nationwide policies in Washington, those who coordinate assistance programs in the states, and those who deliver services at the local level.

The first three phases of the coordination project involved information collection and analysis. The Commission's initial activities under this project entailed preparation of two reports that provided the Commission with information on program coordination and streamlining at the federal and state level. The Commission's background report described how employment and training programs and their associated coordination and eligibility problems fit into the larger picture of all federal assistance programs. Next, the Commission focused specifically on the range of strategies used by the states to coordinate employment and training programs. State-level policy coordination issues were addressed in a study examining employment and training programs in Rhode Island.

Interested in hearing from individuals and organizations directly involved in the public assistance system, the Commission held a series of seminars across the country addressing coordination issues at the national, state, and local levels. These seminars were held in Washington, D.C., San Antonio, and San Diego during the spring and summer of 1991. Papers prepared for these seminars addressed a wide range of topics related to coordination.

This information phase helped the Commission to paint a picture of an uncoordinated $200 billion public assistance system that was overloaded with regulations, procedures, definitions, and terminology. That canvas was crowded with varying funding formulas, administrative provisions, eligibility criteria, planning and operating timetables, bureaucratic territoriality, and conflicting regulations.

Based on the information collected during the activities noted above, the Commission then sought to develop recommendations on improving coordination. Letters containing the Commission's recommendations on coordination were sent to the President and the Congress in the Fall of 1991. Our findings led us to recommend that both the President and the Congress must make coordination of public assistance programs a top domestic priority if change is going to occur.

We believe that under the President's leadership and direction the appropriate agencies will undertake actions to improve coordination in these programs. These actions will result in improved service delivery to low income individuals and considerable administrative cost savings to Federal, State, and local governments.

In attempting to legislate programs to assist various special groups, the Congress has established a broad array of some 75 programs costing approximately $200 billion. The Commission believes that the Congress should restructure some of its committees to enhance its capabilities and enable it to develop a more coordinated approach to public assistance programs.

Finally, the Commission has sought to disseminate its findings and recommendations. This report contains the letters to the President and Congress (Part I of this report) and the background paper on coordination (Part II of this report).

A book on coordination issues, to be published in the Spring of 1992, will address national, state, and local coordination issues and techniques for resolving coordination problems, and will include revised versions of papers prepared for the three coordination seminars and original research not presented at the seminars. This book will enable the Commission to provide its research and background materials to a wide audience of policymakers, academics, practitioners, and others interested in public policy and public administration, public assistance programs, and federal/state relations. It can also help to build a broader base of support for the ideas that are being encouraged by the Commission.

The Commission hopes that by calling attention to the coordination problem and making these recommendations, there will be significant improvements in Federal public assistance programs. We believe that adoption of our recommendations should lead to program improvements that result in more efficient and effective service delivery with lower costs, more reasonable access to a streamlined and more comprehensive range of potential services, and a better use of hard-earned tax dollars.

John C. Gartland
Chairman

PART I

Recommendations on Coordination

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

(202) 724-1545

Chairman

September 30, 1991

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Almost two years ago, the National Commission for Employment Policy initiated an examination of the coordination problems in government-sponsored programs for the economically disadvantaged. Our findings have led us to conclude that the coordination of public assistance programs should be one of your top domestic priorities. We believe that under your leadership and direction the appropriate agencies would undertake actions to improve coordination in these programs which would result in improved service delivery to low income individuals and considerable administrative cost savings to Federal, State, and local governments.

As you are aware, the Commission is an independent agency established under Title IV(f) of the Job Training Partnership Act. It is charged with making recommendations to you and the Congress on national employment and training issues and, inter alia, assessing the extent to which public assistance policies represent a consistent, integrated, and coordinated approach in meeting the Nation's employment goals and needs. The Commission's 15 Members, who are appointed to these voluntary positions by you, also serve as business and labor leaders, human resource professionals, and State and local elected officials.

Over the past 21 months, the Commission has heard from almost 200 people involved at all levels of the public assistance system, including those who develop national policies in Washington, those who coordinate assistance programs in the states, and those who deliver services at the local level. We have sponsored conferences around the country, held hearings, gone on site visits, and conducted research on the coordination problems in these programs.

The approximately $200 billion public assistance system is seen by many who work within it, and many who rely upon it, as inefficient, costly, and confusing. They believe, as do we, that the present system is overloaded with a multitude of regulations, procedures, documentation requirements, and terminology. This has the unintended effect of discouraging coordination. In addition, the many players and interminable procedures compound the difficulty of comprehensive reform.

At your disposal are a great many remedies to the coordination malady. Yet, the most powerful remedy you possess is the prestige, visibility, and strong leadership that you could provide to support initiatives -- to effect changes -- that would enhance coordination in public assistance programs. We encourage you to send a message for improved coordination to your

Cabinet and sub-Cabinet officials, and to political appointees and career civil servants, the first level at which program coordination must be addressed.

We believe that taking concrete action today is better than waiting for numerous coordination study groups whose work could stretch far into the future. We recognize that a message alone will not improve coordination among public assistance programs. Therefore, the Commission also recommends that you:

- expand the authority of the Economic Empowerment Task Force to resolve problems that affect the design and implementation of Federal public assistance programs.

- direct the agencies that administer public assistance programs to develop a common framework for streamlining eligibility requirements, formulating standard definitions and poverty measures, and easing administrative and documentation requirements.

- combine the many programs that provide employment and training services to the economically disadvantaged into one agency operating under the same policy leadership and direction.

A detailed discussion of these recommendations is presented in Tab A. A list of recommendations that we have compiled for the Congress is included in Tab B.

We believe that adoption of our recommendations should lead to program improvements that would result in more efficient and effective service delivery with lower costs, more reasonable access to a streamlined and more comprehensive range of potential services, and a better use of hard-earned tax dollars. The Commission believes that you share this goal with us.

As your appointees, we stand ready to help you address the coordination problem. The Commission would welcome the opportunity to meet with you or your designee to offer our views on coordination issues and to explore ways in which we could help improve coordination of federal programs for the economically disadvantaged.

Sincerely,

John C. Gartland

DETAILED RECOMMENDATIONS ON COORDINATION FOR THE PRESIDENT NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Commission Recommendation Number 1: Leadership

The most powerful remedy that the President possesses to the coordination malady is the prestige and visibility that could support initiatives -- to effect changes -- that would enhance program coordination. The Commission recommends that the President carry the coordination message to his Cabinet and sub-Cabinet officials, and to political appointees and career civil servants, the first level at which program coordination, efficiency, and responsiveness must be addressed.

The Commission recommends that the President build on this initiative by promoting a public information campaign to bolster the prospects of his own creative public assistance ideas, such as Economic Empowerment Areas and State-led innovations, by vigorously advocating these approaches among the public, social service professionals, and political leaders.

Commission Recommendation Number 2: Economic Empowerment Task Force

The Commission recommends that the President expand the authority and mission of his Economic Empowerment Task Force (EETF) to resolve problems that affect the design and implementation of Federal programs for the economically disadvantaged. This will help expand the role of state governments by providing them with greater freedom to develop innovative welfare strategies within legal constraints. The EETF's predecessor, the Low Income Opportunity Board, helped to bridge a gap that existed between the Federal Government and the States in the implementation of innovative coordination approaches for programs that serve the economically disadvantaged.

The EETF can build upon that platform by: (1) systematically reviewing and coordinating all public assistance programs; (2) granting broad waivers from Federal rules that establish state procedures for implementing public assistance programs; (3) creating a Federal-level information clearinghouse that would enable States to share more readily their program innovations with other States, and to learn from each other's successes and failures; and (4) developing a uniform reporting system to track the outcomes of state-level public assistance innovations.

Commission Recommendation Number 3: Eligibility Criteria and Technology Grants

The Commission recommends that the President take bold administrative actions to improve coordination of federal programs for the economically disadvantaged. For example, regulatory modifications should be made to eliminate conflicting terms and definitions among public assistance programs. Although many of the terms and definitions are legislatively rather than administratively based, Executive Branch agencies should seek to develop a framework for

streamlining eligibility requirements, formulating standard definitions and poverty measures, and easing administrative and documentation requirements in programs that serve the disadvantaged.

Other issues that need to be addressed include various planning and operating timetables, conflicting Federal and State regulations and reporting requirements governing different programs, overlapping but not identical goals and performance measures, and administrative differences in operating procedures for processing clients, contracting, and reporting.

Consistent with the President's initiatives of advancing the States as laboratories and managing for integrity and efficiency, the Commission recommends that the Federal Government make available to States a grant program to modernize their assistance programs through the development of expert-systems eligibility software for program coordination. Even the smallest assistance programs should take advantage of recent technological developments and computers. The use of expert-systems eligibility software might also serve as an alternative to reducing the problems caused by the many different terms and definitions of various programs. Such software -- coupled with some simplification in data and documentation requirements and a wide range of hardware -- offers the best hope of creating "seamless" interagency service networks to (1) help state and local programs cope more effectively and efficiently with conflicting criteria; (2) reduce client burden; and (3) facilitate program access.

Commission Recommendation Number 4: Reorganization

The Commission recommends that the U.S. Department of Agriculture's Food Stamps Employment and Training Program, the Department of Labor's Job Training Partnership Act program (Title II), the Department of Health and Human Services' Job Opportunities and Basic Skills (JOBS) program, and other relevant job training programs be merged into one agency operating under the same policy leadership and direction. Ideally, that agency should combine the best aspects of these programs, e.g., state, local, and private sector participation, and tying welfare to work.

There is a great deal of overlap within the Executive Branch in providing job training services: each of the agencies noted above administers separate employment and training programs, serving essentially the same target groups. Although there appears to be little enthusiasm in either the Executive or Legislative Branches for combining all employment and training programs under a more logical policy and organizational structure, the benefits of this approach are compelling. Reorganization should minimize conflicting, overlapping, and duplicative provisions and regulations; identify funding disparities; improve program management, administration, and coordination at the federal level; reduce administrative costs; and enable States to deal with fewer contact points in Washington.

NATIONAL COMMISSION FOR EMPLOYMENT POLICY
1522 K Street, NW, Suite 300
Washington, D.C. 20005

(202) 724-1545

Chairman

October 1, 1991

The Honorable Thomas P. Foley
Speaker of the House
U.S. House of Representatives
H-204 Capitol Building
Washington, D.C. 20515

Dear Mr. Speaker:

Almost two years ago, the National Commission for Employment Policy initiated an examination of the coordination problems in government-sponsored programs for the economically disadvantaged. Our findings have led us to conclude that the coordination of public assistance programs should be one of the Congress' top domestic priorities. We believe that the Congress should work with the President to encourage the appropriate agencies to undertake actions to improve coordination in these programs which would result in improved service delivery to low income individuals and considerable administrative cost savings to Federal, State, and local governments.

The National Commission for Employment Policy is an independent agency established under Title IV(f) of the Job Training Partnership Act. It is charged with making recommendations to the President and the Congress on national employment and training issues and, inter alia, assessing the extent to which public assistance policies represent a consistent, integrated, and coordinated approach in meeting the Nation's employment goals and needs. The Commission's 15 Members are appointed to these voluntary positions by the President while they serve as business and labor leaders, human resource professionals, and State and local elected officials.

Over the past 21 months, the Commission has heard from almost 200 people involved at all levels of the public assistance system, including those who develop national policies in Washington, those who coordinate assistance programs in the states, and those who deliver services at the local level. We have sponsored conferences around the country, held hearings, gone on site visits, and conducted research on the coordination problems in these programs.

Congress represents the voice of widely divergent constituencies. In attempting to legislate programs to resolve or assist various specials needs, the Congress has established a broad array of some 75 programs costing approximately $200 billion to help the needy. State and local public assistance practitioners, public interest group representatives, and policy analysts who work in and observe the public assistance system have identified Congressional action as integral to solving the coordination problem. They claim, and we agree, that the problems associated with inconsistent programs and the lack of cohesion and coordination are the responsibility of Congress to correct.

This letter was also sent to other Members of Congress, including the leadership in both houses and the chairmen and ranking minority members of the relevant committees and subcommittees.

Undoubtedly, Congress has the power to do so and should exercise that power in order to see that many of its well-intended programs be melded together into a more successful national effort to eradicate poverty. Therefore, the Commission believes that it would be useful and important to look at how Congress could restructure itself and enhance its capabilities to address and develop a more coordinated approach to public assistance programs.

We believe that taking concrete action today is better than waiting for numerous coordination study groups whose research could stretch far into the future. Therefore, the Commission also recommends specifically that the Congress:

- Assign responsibility for legislation and oversight over public assistance programs to a single Committee on Public Assistance in each chamber.
- Work with Executive Branch agencies to develop a common framework for streamlining eligibility requirements, formulating standard definitions and poverty measures, and easing admin strative and documentation requirements.
- Enact legislation to establish human resource or investment councils at the state level to foster coordinated program approaches in such key functions as planning, operations, and oversight.
- Require that an economic, fiscal, and institutional analysis be conducted for each congressionally authored institutional reform or adjustment in federal assistance programs.

Although the Commission has presented some of these recommendations in testimony to the Congress, we present them here as part of a comprehensive program for Congressional consideration. A detailed discussion of these recommendations is presented in Tab A. A list of recommendations that we have compiled for the President is included in Tab B.

We believe that adoption of our recommendations should lead to program improvements that would result in more efficient and effective service delivery with lower costs, more reasonable access to a streamlined and more comprehensive range of potential services, and a better use of hard-earned tax dollars. The Commission believes that the Congress shares this goal with us.

The Commission stands ready to help the Congress address the coordination problem. The Commission would welcome the opportunity to meet with you or your designee to offer our views on coordination issues and to explore ways in which we could help improve coordination of federal programs for the economically disadvantaged.

Sincerely,

John C. Gartland

DETAILED RECOMMENDATIONS ON COORDINATION FOR THE CONGRESS NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Commission Recommendations Number 1: Simplifying Oversight Procedures and Committee Structures.

Since congressional oversight most often occurs through the committee structure, the effectiveness of committee work is the most important task in assuring proper congressional oversight over public assistance programs. Currently, jurisdiction for the initiation and review of anti-poverty policy is split among a number of different committees. This splintered structure of decision making is an obstacle to effective program implementation because it does not allow the committees to consider the full scope of all related policies, programs, and needs. In addition, the division of responsibility on the Hill leads to multiple points of access for members of Congress, interest groups, affected publics, and the executive branch, as well as multiple opportunities for enhanced coordination. A well-coordinated national anti-poverty program would be more likely to result if the oversight committees of Congress could be reorganized to allow a broader view by fewer committees.

The responsibility for legislation and oversight over public assistance programs should be delegated to a single Committee on Public Assistance in each chamber. All food and nutrition, job training, housing, health, and income security programs targeted at economically disadvantaged would be the responsibility of this committee. In this sense, the Committee system would reflect the clientele of the programs it is to review. Issues relating to the tax treatment of the poor and the finance of these programs would still have to be directed through the Senate Finance and House Ways and Means Committees, but eliminating overlapping jurisdictions with the other Committees would eliminate much of the paralysis in the existing system. The concept of a single congressional entity responsible for public assistance programs is consistent with Commission recommendations addressing coordination in the Executive Branch and at the State level.

If Congress is unable to adopt the preceding recommendation, then the Commission recommends that Congress establish a new Joint Committee on Public Assistance that would conduct oversight hearings and studies on the broad range of public assistance programs and provide staff resource for committees involved in public assistance programs. Although this proposed Joint Committee would not have the authority to draft legislation, it would be able to serve as a staff resource to committees that do have legislative authority for different public assistance programs, better enabling these committees to work out the details in statutory design that will facilitate rather than hinder the coordination of public assistance programs. Its role would be similar to that played on tax legislation by the Joint Committee on Taxation.

Commission Recommendation Number 2: Eligibility Criteria and Poverty Levels

The criteria for eligibility for each public assistance program are naturally related in some rational way to the purpose of that program. Considered as a system, however, the differences in eligibility criteria for the different programs cause frustration and confusion, and increase the administrative burdens upon both recipients and program staff. Although there are some cross-eligibility and duplication problems among programs, the divergent array of eligibility criteria for federal assistance programs has made implementation difficult for States and unduly complicated and confusing for potential aid recipients. As many of the eligibility rules and procedures are set by statute rather than by administrative action, only Congress can unify the eligibility rules.

The Commission recommends that the Congress enact legislative remedies to eliminate conflicting terms and definitions among public assistance programs. The Congress should also work with Executive Branch agencies to develop a framework for streamlining eligibility requirements, formulating standard definitions and poverty measures, and easing administrative and documentation requirements in programs that serve the disadvantaged.

In this context, the Federal Government employs several different poverty "lines" or "thresholds" in its public assistance programs. Although it makes sense to have individuals/families eligible for differing service levels depending on the extent of their poverty (e.g., below 100, 133 or 185 percent of poverty) as is the case today, the different poverty levels used in these programs increase the administrative burden upon both recipients and program staff and have a deleterious effect upon coordination. The Joint Economic Committee held hearings on this subject in April 1990, yet no action has been taken to date on making changes in the poverty measures.

The Commission recommends that the Congress seek to unify (and, thereby, simplify) the poverty levels used in public assistance programs. Two strategies are available. One strategy would be to create a split standard for poverty with one applicable at the federal level and another at the state level. The other strategy would entail the establishment of a national standard for welfare, including both Aid to Families with Dependent Children (AFDC) and Food Stamps. A national welfare standard would eliminate the current system of state-developed need and payment standards for AFDC which give rise to wide inter-state variations in support and (some argue) resulting distortions in locational and labor market decisions.

Commission Recommendation Number 3: State Human Resource Councils.

All States have initiated efforts to improve coordination among the Federal and State public assistance programs that they administer in order to increase beneficiary access and improve program administration. Although all States have integrated different aspects of public assistance programs at the operational stages, only a few States have attempted to coordinate public assistance at the policy or decision making level. Congress should enact legislation to establish human resource or investment councils at the state level to foster coordinated program approaches in such key functions as planning, operations, and oversight.

The Commission further recommends that terms of office for members of these state councils be set as follows: The term of each member of the council appointed by the Governor shall be three years, except that - (1) any such member appointed to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed, and (2) of such members first taking office - (a) one third serve for terms of one year; (b) one third serve for terms of two years; and (c) one third serve for terms of three years; as designated by the Governor at the time of appointment. The Chairman shall be selected by the Governor.

Commission Recommendation Number 4: Public Assistance Impact Analysis

Congress should require that an economic, fiscal, and institutional analysis be conducted for each congressionally authored institutional reform or adjustment in federal assistance programs. The Committee staff or the Congressional Budget Office should be required to fully justify the particular reform and explain its economic, fiscal, and institutional impacts on implementation of the amended assistance program as well as such impacts on other assistance programs affected by the amendment, and its anticipated effect on clients of the program. Such an approach should lead to greater forethought and discussion on most proposals. The public assistance impact analysis would be similar to the new fiscal impact analyses that are required to accompany budget proposals. For changes made in program administration without congressional approval, the Commission recommends that the Congress should require such a statement from the head of the relevant department or agency.

PART II

Coordinating Federal Assistance Programs for the Economically Disadvantaged: Background Paper

Federal Public Assistance Programs:

Coordination and Eligibility Issues

Neal S. Zank
National Commission for Employment Policy

March 1991

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I. Introduction

In a series of discussions, the National Commission for Employment Policy determined that it wanted to examine selected coordination issues vital to the provision of employment and training services. Therefore, this background paper addresses two issues related to the coordination of federal assistance programs that serve the economically disadvantaged.

The first coordination issue addressed is institutional reform (organizational, administrative, and process) at the federal and state levels. The Commissioners expressed great interest in the problems posed by a system that was perceived as fragmented, uncoordinated, and difficult to administer, as well as overloaded with a multitude of regulations, procedures, definitions, and terminology.

The second issue addressed is the streamlining of eligibility criteria. A January 1990 report issued by the Commission, Training Hispanics: Implications for the JTPA System (NCEP 1990a), found that in parts of the country with a low cost of living the income eligibility criteria for Job Training Partnership Act (JTPA) programs was higher than the same criteria for the Food Stamps program, although JTPA intended to make its training available to qualified individuals in a family receiving Food Stamps. This difference was found to be important to Hispanics, many of whom did not use Food Stamps even though they qualified for them. Therefore, the Commission recommended that "A study should be conducted to determine the feasibility of coordinating/consolidating the income-based eligibility requirements of federal programs to assist the economically disadvantaged, including JTPA." This issue provided the initial impetus for conducting this study.

Enhanced coordination should result in significant improvements in federal programs that serve the economically disadvantaged. For program administrators and service providers, this means more efficient and effective resource management and service delivery; potentially lower costs by utilization of improved procedures and realization of economies of scale in service delivery; and access to a broad range of information and evaluations on program administration successes. For program beneficiaries and recipients, this means easier or more reasonable access to a streamlined and more comprehensive range of potential services.

Nevertheless, improving policy and program coordination is not easy. There are many obstacles. Improving coordination is a time consuming process that requires continuous attention to coordinated operations and may result in some loss of decision-making autonomy while requiring increased interagency activity. In addition, the benefits gained from coordination are often realized downstream and are counter to bureaucratic behavior (i.e., bigger budgets are rewarded while cost-cutting generally results in smaller budgets).

II. Scope and Approach

This background paper examines alternative strategies for improving coordination as well as streamlining and rationalizing the eligibility and related criteria of federal programs to assist the economically disadvantaged.* Implementation of these alternative strategies should help to (a) facilitate access of the poor to these programs and (b) make federal, state, and local implementation of these programs more efficient. Over time, these strategies should lead to an administrative environment that allows for increased program participation and the allocation of savings from program administration and towards assistance activities.

There are 75 federal programs providing assistance to the economically disadvantaged. These programs provide medical care, cash aid, food aid, housing and energy assistance, education aid, jobs and training aid, and "other" services. The 75 programs accounted for over $173 billion in assistance expenditures in Fiscal Year 1988; 70 percent from the Federal Government and 30 percent from state and local funding sources. Of the 75 programs, 54 involve direct or indirect federal funding only; two involve state funding only; and 19 involve both federal and state funding. The type and size of assistance categories and the number of programs in each category are presented in Table I.**

Two additional factors about these programs should be noted. First, the composition of these programs has changed over the years. In 1960, 75 percent of all public assistance came in the form of cash; by 1985, only 25 percent was in the form of cash. The remainder was in the form of non-cash benefits such as food aid, medical care, and housing.

Second, most of these programs are generally considered entitlement programs or means-tested programs (i.e., there is some test of individual need for assistance). The programs within each assistance category serve a variety of groups. Some programs address broad population groups. Other programs are directed at special groups of beneficiaries, such as migrant workers or veterans. For the most part, the more specialized programs are also smaller than those serving large groups.

* For the purposes of this study, an economically disadvantaged person is defined as a member of a family that receives cash payments or whose annual income in relation to family size does not exceed the poverty level determined in accordance with criteria established by the U.S. Office of Management and Budget (OMB).

** Dollar references in this report are based upon data presented in Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986-88, compiled by Vee Burke, Congressional Research Service (CRS), Library of Congress, October 24, 1989 (Burke 1989). Although dollar amounts may differ from budget numbers or other published sources in some instances, the CRS dollar amounts are used throughout the report for the purpose of consistency.

TABLE I
SIZE AND TYPES OF FEDERAL ASSISTANCE PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED

ASSISTANCE CATEGORY	NUMBER OF PROGRAMS	FUNDING SOURCE AND AMOUNT(1)			PERCENT OF FUNDING
		FEDERAL	STATE	COMBINED	
Medical Aid	8	$ 38,466	$ 27,997	$ 66,463	38%
Cash Aid	12	32,276	15,448	47,724	28%
Food Aid	11	20,246	1,243	21,489	12%
Housing/Energy Aid	15	16,465	182	16,647	10%
Education Aid	17	9,966	540	10,506	6%
Jobs/Training Aid	6	3,655	62	3,717	2%
Other Services Aid	6	4,492	1,980	6,472	4%
TOTAL	75	$125,566	$ 47,452	$173,018	100%

(1)Funding data generally represent Fiscal Year 1988 expenditures in millions of dollars. Some funding data may reflect program year or other reporting period.

This background paper describes the history of federal assistance programs for the economically disadvantaged; the organization, management, and administration of these programs, and the conflicts that exist among poverty measurements and eligibility criteria used in them. Programs providing cash aid, medical care, food aid, education aid, jobs and training aid, and "other" services were focused upon in conducting this report.

Following that discussion, three appendices are presented. Appendix A contains information on 60 of the 75 federal assistance programs. Appendix B presents the primary poverty thresholds and other poverty measures used by the Federal Government in the major programs. Appendix C describes the income eligibility tests used in the 60 programs. Programs providing housing and energy assistance are not examined in the appendices.

III. A Brief History of Federal Assistance Programs for the Economically Disadvantaged and Coordination Efforts

The primary objective of federal programs to assist the economically disadvantaged has been to reduce the incidence of poverty. The three ways followed historically to accomplish this objective have been: (a) transferring income to the poor to provide them with a federally-recognized minimum standard of living, (b)providing the poor with in-kind benefits that enable them to reach that minimum standard of living, and/or (c) providing the poor with the services and tools that enable them to become self-supporting and reach, on their own, that minimum standard of living. (ACIR 1987b)

The present system of public assistance arose, in part, from the rapid expansion of federal involvement in a broad range of public welfare* programs during the 1960s (due to the New Frontier and the Great Society). New programs (such as Food Stamps) were initiated and the eligibility for older programs (such as Aid to Families with Dependent Children, or AFDC) was expanded. The Federal Government expanded its role as an initiator of programs as well as a policy innovator willing to apply various forms of pressure on States and localities in order to get them to conform to federal expectations. This federal expansion took place for a variety of reasons, including the desire on the part of advocates for the poor to obtain better and more secure federal assistance for the poor, and the urging of state and local governments who wanted the Federal Government to create new programs for the poor and assume more of the costs of these assistance programs. (ACIR 1987b, GAO 1987a)

Several welfare-to-work programs emerged during this period as well. Amendments to the Social Security Act in 1962 and 1967 established, respectively, a Community Work and Training Program and the then-voluntary Work Incentive Program (WIN). The Economic Opportunity Act of 1964 included the Work Experience and Training Program. (Grubb et. al. 1990)

Public assistance programs experienced sizeable spending increases throughout the 1970s although structural changes occurred only in the early part of the decade (most notably through the use of grant programs and differing program approaches by the Nixon Administration). In December 1978, the Carter Administration initiated an interagency "Eligibility Simplification Project" to make recommendations on the simplification of client eligibility criteria among major public assistance programs. The project's completion in October 1980, shortly before the 1980 election, precluded any direct action on the report's recommendations by that Administration.

* The use of the words "welfare," "welfare program," and "public assistance" in this report refers to the broad range of federal welfare or assistance programs rather than to the AFDC system or any other cash payment system in particular, unless specifically mentioned.

Public assistance programs experienced great structural change again in the 1980s. The Reagan Administration proposed a broad welfare reform program that was based upon targeting aid to the "truly needy"; reducing fraud, waste, and abuse; promoting competition (e.g., through vouchers); and eliminating programs believed to be ineffective (e.g., public service employment under the Comprehensive Employment Training Act program, or CETA). Eligibility standards were tightened in some programs, stronger work requirements were authorized by law, and some progress was made in improving program administration (through the requirement that all States establish income and eligibility verification systems for the major welfare programs).

The new system of public assistance programs was intended to rely upon block grants and increased federalism (i.e., increased authority was delegated to the States for program administration). As a result, most Governors and States adopted entirely new approaches to the management of their welfare programs. These approaches entailed overhauling their welfare programs, attracting high-quality administrators, and experimenting with new approaches for designing, managing, and administering these programs.

Job training programs took on a special significance during the Reagan Administration. Early in the Administration, the Department of Health and Human Services issued a series of waivers that allowed States to establish experimental welfare-to-work programs. In 1982, Congress passed the Job Training Partnership Act (JTPA). This innovative employment and training legislation not only assigned to States and localities a major responsibility for implementing job training programs but brought the private sector into a new partnership with State and local officials in implementing the law.

JTPA also addressed the coordination issue. JTPA emphasizes coordination between state governments and the business community, and between JTPA programs and programs provided by state and local education and training agencies, public assistance agencies, the employment service, rehabilitation agencies, economic development agencies, and other agencies involved in employment and training and human resource utilization. It also provides for an, 8-percent set-aside of each State's JTPA allocation to facilitate coordination of education and training services through cooperative agreements between state and local education agencies and Service Delivery Areas (SDAs).

The Reagan Administration initiated a White House review of welfare policy in 1986. Managed by a Low Income Opportunity Working Group of the Domestic Policy Council, this review led to the publication of Up from Dependency, which was presented as a new national public assistance strategy. The strategy that grew out of that review was welfare reform through State-sponsored, locally-controlled demonstrations of innovations in public assistance programs with the aim of reducing dependency.

Congress also focussed on coordination issues in the late 1980s. In September 1987, the Domestic Task Force of the House Select Committee on Hunger held a hearing on "Continuing Efforts to Coordinate and Simplify Major Federal Assistance Programs." Although that hearing did not produce immediate results, efforts were made in the subsequent years to enact changes in welfare, vocational education, and food stamps legislation.

First, the Congress enacted the Family Support Act of 1988. This major piece of welfare reform legislation established the Job Opportunities and Basic Skills Training (JOBS) Program, which provided funding

for a new welfare-to-work program tied to AFDC with the goal of helping families avoid long-term welfare dependence. JOBS replaced the WIN and WIN Demonstration programs of earlier years. This legislation also provided some guidance to the Executive Branch on coordination of welfare and employment and training programs.

Coordination was also an issue in public assistance legislation passed by the Congress in 1990. In educational assistance, the Carl D. Perkins Vocational and Applied Technology Education Act established an Interdepartmental Task Force on Vocational Educational and Related Programs to examine common objectives, definitions, measures, and standards for programs found in the Adult Education Act, JTPA, the Rehabilitation Act of 1973, the Wagner-Peyser Act, and the Perkins Act itself. The Task Force, composed of the secretaries of Education, Health and Human Services, and Labor, is to report its findings to Congress every two years.

A major issue that was addressed in the 1990 Food Stamp reauthorization process was whether changes should be made in the Food Stamp eligibility criteria to make that program more consistent with AFDC. Some minor changes were made to address some of the complaints about the conflicts and duplications that existed between the two programs, and several demonstration projects were established on individual eligibility criteria (such as vehicle exclusion limits) and AFDC/Food Stamp simplification. The Food Stamp reauthorization legislation also included a provision for a Welfare Simplification and Coordination Advisory Committee. This advisory committee was tasked to examine the significant policy differences in the Food Stamps and AFDC statutes and regulations and to make recommendations for common or simplified programs and policies that would substantially reduce difficulties in applying for and receiving benefits from more than one program and significantly increase the ability of program administrators to efficiently provide timely and appropriate assistance to eligible recipients. The Commission's final report is due to the appropriate committees of Congress and the secretaries of Agriculture, Health and Human Services, and Housing and Urban Development by July 1, 1993.

For the most part, the Federal Government has tried to lessen its role in program design and implementation. This approach was supported in a 1988 examination of federal welfare reform efforts by the National Academy of Public Administration (NAPA). NAPA identified the practical limitations on the power of Congress and the Federal Government to design programs. These limitations were:

- The labor market in the various States cannot absorb welfare recipients at the same rate because of different economies.
- The dominant characteristics of welfare recipients vary so much that some States will find it easier to place recipients in jobs than others.
- The capacity of state governments to implement complex programs differ.
- The motivation of taxpayers and state governments to fund expensive programs differ.
- The administrative structure in the various States means that federally prescribed service linkages will work in some States but not in others. (GAO 1988)

To overcome these limitations, a federal/state system for the administration of public assistance programs has evolved that is, in reality, composed of federal programs shaped increasingly by the States.

The structure of most assistance programs, once implemented, is a product of planning and operational decisions made by state and local agencies, rather than federal legislation. The differences between States argue for maximum State discretion in designing certain welfare programs, although most States would still look to the Federal Government for leadership on the integration of these services and programs. (GAO 1988)

The extent of Federal or State involvement in a particular program ranges from determining program guidelines to administering the program to just providing a resource transfer to implementing jurisdictions. For most public assistance programs, however, management or administrative guidelines are determined by the Federal Government and the program is administered or implemented by the state and local governments. The Federal Government generally oversees the transfer of funds and audits their use, but rarely interferes with the operations of these programs. In many instances, the States determine the extent to which they will be involved.

Most of the large programs (such as AFDC, Food Stamps, and Medicaid) rely on this federal-state administrative network. For example, the Federal Government provides broad guidelines and program requirements for the AFDC program through the Family Support Administration of the Department of Health and Human Services. The States are responsible for program formulation, benefit determinations (the size of cash welfare payments), eligibility criteria, and administration. A State may elect to have the program administered centrally (state administered) or locally (state supervised).

The Food Stamp program provides a second example of this federal-state administrative network. The U.S. Department of Agriculture's Food and Nutrition Service gives direction to welfare agencies through federal regulations that define eligibility requirements, benefit levels, and administrative rules. State welfare agencies are responsible for the day-to-day administration of the Food Stamp program. Most often, the program is operated through the same agency and staff that runs the AFDC and Medicaid programs. These agencies determine eligibility, calculate benefits, and issue food stamp allotments following federal rules. Joint food stamp/cash welfare application and interview procedures are the general rule. (GAO 1987a, APWA 1990)

Two other programs provide useful examples on different ways in which this network operates. In 31 States and the District of Columbia, an application for AFDC or SSI also constitutes an application for Medicaid, so most local administration of Medicaid overlaps those two programs. In the case of the Social Services Block Grant, the Federal Government provides funds to the States and the state government determines how the funds are to be spent.

In contrast, this federal-state administrative network does not apply for most elderly or disabled persons, whose SSI cash assistance is typically administered through Social Security Administration district and branch offices. Although these federal offices do not administer the Food Stamp Program, they do perform some joint processing of applications. In addition, the Federal Government determines guidelines and administers the Supplemental Security Income and the Earned Income Tax Credit programs.

IV. Coordination and Management in the Federal Government

Discussed below are the major Federal Government participants in oversight, management, and administration of public assistance programs.

Congress

Eleven congressional committees exercise primary authorization, appropriations, and oversight responsibilities over federal public assistance programs. The agriculture, tax writing, and labor committees are the major Senate and House committees with authorization responsibility for the most broad-based public assistance programs (see Table II). Within each committee, there are numerous subcommittees that address different aspects of these programs. Also, each program receives its funds from Senate and House appropriations committees (and the related subcommittee).

Committees on veterans affairs, interior and insular affairs, science and technology, and Indian affairs also exercise oversight over the assistance programs that are more targeted on particular groups. In addition to these authorizing and appropriating committees, many of these programs are subject to oversight hearings held by special or select committees responsible for aging; hunger; and children, youth, and families.

Executive Branch Coordination and Management

There are many agencies in the Executive Branch that administer public assistance programs. Most of these programs, targeted at broad population groupings, are managed by the Departments of Agriculture, Health and Human Services, Labor, and Treasury. Related programs, targeted at specific groups of beneficiaries, are operated by the Departments of Education, Housing and Urban Development, Interior, and Veterans Affairs. The Executive Branch Departments and agencies that manage the most broad-based public assistance programs are listed in Table III.

There are four primary approaches available to achieve coordination at the federal level. They are discussed below.

Legislative mandate. The first approach to coordination is through legislative mandate. Congress has included provisions in some pieces of legislation that require ceratin agencies to coordinate with other agencies. For example, the Family Support Act requires the Secretary of Health and Human Services to consult with the Secretaries of

Education and Labor on a continuing basis to ensure coordination of education and training services. As noted earlier, the Carl D. Perkins Vocational and Applied Technology Education Act addressed coordination issues as well, establishing an Interdepartmental Task Force on Vocational Educational and Related Programs to examine common objectives, definitions, measures, and standards for a whole host of programs.

TABLE II
CONGRESSIONAL OVERSIGHT OF SELECTED FEDERAL PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED

PROGRAM	SENATE COMMITTEE	HOUSE COMMITTEE
Medicaid	Finance	Energy and Commerce Ways and Means
AFDC	Finance	Ways and Means
SSI	Finance	Ways and Means
Earned Income Tax Credit	Finance	Ways and Means
AFDC Work Incentive Program	Finance	Ways and Means
Food Stamps	Agriculture, Nutrition, and Forestry	Agriculture
School Breakfast and Lunch Programs	Agriculture, Nutrition, and Forestry	Education and Labor
WIC	Agriculture, Nutrition, and Forestry	Education and Labor
Housing Assistance Payments (Section 8)	Banking, Housing, and Urban Affairs	Banking, Finance, and Urban Affairs
Head Start	Labor and Human Resources	Education and Labor
JTPA Programs	Labor and Human Resources	Education and Labor
Social Services Block Grant	Finance	Ways and Means

TABLE III
EXECUTIVE BRANCH MANAGEMENT OF SELECTED FEDERAL PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED

DEPARTMENT	AGENCY	PROGRAM
Agriculture	Food and Nutrition Service	Food Stamps School Breakfast and School Lunch Programs WIC
Health and Human Services	Family Support Administration*	Aid to Families with Dependent Children (JOBS)
	Health Care Financing Administration	Medicaid
	Office of Human Development Services*	Head Start Social Services Block Grant
	Social Security Administration	Supplemental Security Income
Housing and Urban Development	Office of Public and Indian Housing	Housing Assistance Payments-Section 8
Labor	Employment and Training Administration	JTPA Programs
Treasury	Internal Revenue Service	Earned Income Tax Credit

* The Family Support Administration and the Office of Human Development Services were merged in an HHS reorganization in April, 1991.

Another statutory approach is to provide funding for coordination. As noted earlier, JTPA provides for an 8-percent set-aside of each State's JTPA allocation for the explicit purpose of coordination. These funds are meant, inter alia, to facilitate coordination of education and training services through cooperative agreements between state and local education agencies and SDAs. Studies have reported that the track record of such set-asides in promoting coordination has been mixed. (Bailis 1989)

The third legislative requirement for coordination involves joint preparation or review of certain programs. For example, the Carl D. Perkins Act requires that a state plan for vocational education be furnished to the JTPA State Job Training Coordinating Council (SJTCC) for review and comment. Similarly, the Wagner-Peyser Act requires that Employment Service plans be reviewed and certified by the SJTCC.

A review of the literature on coordination has led analysts to conclude that coordination provisions, such as those described above, are helpful in promoting coordination but are not sufficient enough by themselves to insure a maximum level of coordination.

Administrative action. The second federal approach to coordination is through administrative action. For example, the Departments of Education, Health and Human Services, and Labor entered into an interagency agreement in November 1989 to provide jointly technical assistance to States and localities to help them operate or improve their JOBS programs. Through a separate contract, those three departments are jointly sponsoring a conference to take place in July 1991 on the coordination of vocational-technical education, adult education and literacy, JTPA, and JOBS.

Reorganization. The third approach to improving coordination is through the reorganizing or restructuring of agencies or programs to eliminate overlap or duplication. There appears to be a great deal of overlap within the Executive Branch in providing job training services. The Employment and Training Administration administers JTPA, the Employment Service, and other programs. The Department of Health and Human Services' Family Support Administration administers the Job Opportunities and Basic Skills Training program under AFDC. The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture administers an Employment and Training (E&T) program as a component of the Food Stamps program.

There are several historical reasons for this apparent overlap. First, a major component of the Reagan Administration's welfare reform program was to link AFDC programs with employment and training assistance as a way of enhancing the capabilities of AFDC recipients to graduate from the cash assistance program. Second, the FNS took responsibility for its own E&T program in 1982 as a result of its dissatisfaction with the job search services being provided to food stamp recipients by the Employment Service, which had operated this program for FNS under contract. Finally, there was growing congressional dissatisfaction with ETA workfare programs. This was reflected in the early establishment of the WIN demonstration program that allowed several state welfare agencies to operate job training programs and the later establishment of the JOBS program in the Department of Health and Human Services in 1988.

There appears to be little enthusiasm in either the Executive or Legislative Branches for combining either all federal assistance programs or all employment and training programs under a more logical organizational structure. The time and costs involved in Executive Branch reorganization are great although such an approach may minimize conflicting or overlapping provisions; identify funding disparities; improve program management, administration, and coordination at the federal level; reduce administrative costs; and enable States to deal with fewer contact points in Washington. In addition, the jurisdictional issues associated with congressional committees and Executive Departments, historical reasons, and the problems of responding to different special interest groups present formidable obstacles to reorganization.

White House policy coordination. The final approach to coordination is through the use of a White House coordinating organization. Since its creation in 1987, the Low Income Opportunity Board (LIOB), a subsidiary organization of the White House Office of Policy Development, helped to bridge a gap that existed between the Federal Government and the States for programs that serve the economically disadvantaged. The LIOB was composed of OMB and all the departments and agencies that administer programs for the economically disadvantaged, including the Departments of Agriculture, Education, Health and Human Services, Housing and

Urban Development, Interior, Justice, and Labor.

Prior to LIOB's creation, State efforts to obtain waivers from many programs were sporadic and quite limited. For those States that did attempt such changes, it could take years for a State to design a new program and gain the necessary federal approvals. The LIOB expedited welfare reform by providing "one stop shopping" to States, allowing them to try new approaches to providing welfare and to treat the myriad welfare programs as a system. The LIOB acted as a single point of contact for States wishing to obtain waivers from those federal statutes and regulations that frustrated innovative welfare reform at the state and local level.

Instead of dealing with the many federal welfare programs and agencies in a piecemeal manner, a State would have applied to the LIOB for waivers on a broad range of programs at one time. LIOB then assisted a State in its efforts to obtain the required waivers from the appropriate federal agencies. Most of the state-sponsored, locally controlled demonstrations of innovations in public assistance programs reviewed by the LIOB during its first two years were for the AFDC, Food Stamp, Medicaid, and Child Support Enforcement programs.

LIOB helped States launch many different kinds of experiments or restructure their welfare systems. For example, a Wisconsin "learnfare" program that linked AFDC benefits with high school attendance by children in the family and a New Jersey plan to turn hundreds of welfare beneficiaries into family day care providers (thereby increasing day care services while reducing the welfare roles) are two examples of the types of programs implemented as a result of LIOB actions. Among the benefits of the LIOB system was that under its principle of cost neutrality the savings from a change in one program can be used to offset increased spending in another, as long as there is no net increase in federal cost. Thirteen state projects had been authorized through the LIOB as of mid-1990.

Beyond its one-stop shopping function, the LIOB's other stated functions included identifying major problems (present and prospective) in public assistance programs; working with agencies and outside groups in reviewing policy alternatives with respect to public assistance matters; and monitoring the implementation of approved public assistance policies.

In late 1990, the LIOB was replaced by the Economic Empowerment Task Force. The Task Force will build on the LIOB's work by pursuing new initiatives that promote enhanced coordination. One idea being examined is "Empowerment Opportunity Areas." Empowerment Opportunity Areas are geographic concentrations of poor people or target groups that would be eligible to receive special waivers from federal public assistance program requirements.

There are other Executive Branch actions designed to address the coordination issue. For example, a Cabinet-level Literacy Task Force (which includes the Departments of Education, Health and Human Services, and Labor) works on issues such as the development of common definitions and more uniform reporting.

Conclusion

Some characteristics of federal programs present barriers to the efficient implementation of the broad range of programs at the State level. For example, one discovers a multitude of program differences when one looks at the entire range of employment and training and vocational education programs run by the

Federal Government. Under the problem of varying funding formula, one finds some programs that are 100 percent Federally funded, such as JTPA, while others require a match between Federal and State funding, such as JOBS. Other barriers include differing administrative provisions, eligibility criteria, planning and operating timetables (some activities operate on a program year schedule while others utilize the fiscal year), and definitions and terminologies. Almost all of the respondents in a 1987 GAO survey of States' views believed that federal efforts to make uniform definitions, terminology, and eligibility requirements would help State efforts to achieve service integration. (GAO 1987b)

The lack of coordination at the federal level is another obstacle to the States' ability to pursue program integration. Surveys indicate that many States believe that the sheer number of agencies, organizations, and congressional committees involved in administering and overseeing public assistance program makes coordination extremely difficult. States believe that their efforts to increase integration would be greatly helped if the Federal Government could improve coordination among congressional committees, federal agencies, and levels of government. (Delfico 1987)

V. Coordination and Management in the States

Discussed below are the various coordination approaches followed in the states.

State Policy Coordination

All States have initiated some efforts to improve the coordination between the different Federal and State public assistance programs that they currently administer in order to increase beneficiary access and improve program administration. Many States have attempted to coordinate public assistance at the policy or decisionmaking level. They have sought to bring together employment and training programs (which rely on the legislatively mandated SJTCCs) with other public assistance programs.

For example, in early 1990, New Jersey expanded and revised its SJTCC to cover the State's entire employment and training system, not just JTPA. The primary goals of the new panel, called the New Jersey State Employment and Training Commission (NJSETC), are to streamline employment and training services to clients and eliminate duplicative systems. During 1990, the NJSETC reviewed all of New Jersey's employment and training programs to develop a system that will lead to increased joint planning among agencies, avoid duplication, and offer a process to deal with specific system problems. In the NJSETC's first report to New Jersey Governor James Florio, it recommended consolidating job training programs in three state departments, rather than the six in which they are currently housed, and merging the State's 64 JTPA, vocational education, and welfare training programs into 15 programs. NJSETC believes that the elimination, consolidation, or transfer of the 64 programs will result in $6 million in savings to the State over 18 months. (ETR 1990b, NCEP 1990b, ETR 1991a)

As an extension of this effort, the role of the JTPA's Private Industry Councils (PICs) has changed as well. The PICs now have the additional responsibility to plan and set goals for all local employment and training programs, not just JTPA, and to prevent obstacles to coordination. An existing New Jersey program, Realizing Economic Achievement (REACH), specifies the range of services to be provided, but allows county and other local government agencies to decide on the appropriate nature and sequence of employment and training programs. (ETR 1990a)

In another example, the Governor of Maine created a Human Resource Development Council to promote a multi-agency, cooperative approach to the delivery of education, skills training, and employment-related activities.

Other variations on this approach include the appointment of all relevant agency heads (i.e., those involved in employment and training programs) to the SJTCCs (such as in Arkansas, Tennessee, Wisconsin, and other States); use of SJTCCs as a single policy forum for all statewide employment and training activities (as in California, Maine, and New Hampshire); and use of a cabinet "cluster" or an ad hoc committee on employment and training subgroup to coordinate policy (as in Ohio, Pennsylvania, and Wisconsin). (Jennings 1989)

Regional coordination is another approach to improving program effectiveness. In this approach, a substate entity receives and makes decisions about funding from a variety of federal and state sources, including JTPA, the Perkins Act, AFDC, and the Employment Service. In terms of advantages, regional entities may be more familiar with local employment conditions than state offices, better aware of the characteristics of the local population in need of employment and training, and knowledgeable about the strengths and weaknesses of local providers. A regional entity differs from the JTPA SDAs because the regional entity has control over more types of funds. It has been reported that this approach is being tried in the Hartford area in Connecticut and with regional employment boards in Massachusetts. (Grubb et.al. 1990)

Of course, some States are more successful than others at this type of coordination. For example, Maryland officials from the state departments of employment and training, housing, health and human services, and education participated in putting together that State's JOBS plan. The Governor's SJTCC was used as a base for coordination. In contrast, Ohio officials developed their JOBS plan by relying on representatives from that State's departments of education and human services. No JTPA representatives were included in the initial planning effort. (ETR 1990c)

Management and Coordination for Implementation

The critical feature of State involvement in programs for the economically disadvantaged is its policy linkage between the rules governing the distribution of benefits and the services designed to help welfare recipients become self-supporting. State and local governments have significant roles in delivering benefits and, in many cases, a great deal of flexibility in how they organize and manage the agencies that provide these benefits. (ACIR 1987a, GAO 1987a)

State governments usually rely upon their health, welfare, and employment and training agencies to manage and implement these programs. Local governments utilize local agencies, county and district welfare offices, schools, food banks, and private organizations to implement most programs. Programs such as housing are administered by local governments or private landlords. State and local governments often strive for greater efficiency by using one local agency to administer many programs.

Some States have integrated different aspects of all public assistance programs at the operational stages as a way of reducing program complexity and thereby improving recipient access to these programs, eliminating needless bureaucracy, and reducing administrative costs. States also use one-stop shopping to provide services to recipients in all assistance areas -- cash aid, food aid, medical aid, and job training. Reports from some State demonstration projects have indicated that providing integrated services could increase recipient access and participation and decrease both Federal and State administrative costs (in comparison to having many agencies implement many programs using different criteria).

Other States have experimented with ways to increase cooperation at the implementation stage between employment and training programs. Although one-stop shopping appears common for most cash aid and food aid programs (and their associated employment and training programs), that technique is used less often for integrating cash and food aid programs with independent job training programs

such as JTPA. Therefore, some States pursue a two-stop shopping program: a one-stop shopping system for cash and food aid supplemented by an additional or parallel one-stop shopping system that brings together the many Federal and State job training and employment services found in each State. This two-stop shopping system is being tested in New Hampshire, Minnesota, Indiana, and other States. (Jennings 1989)

The five primary techniques to improve administration of and access to federal programs for the economically disadvantaged are administrative action, co-location, one-stop eligibility determinations, multi-purpose application forms, and integrated case management. These techniques are used separately or in conjunction with each other, depending upon the State. A 1987 GAO study of States' views on coordination found that State service delivery units were integrated fully or partially for cash and food aid by co-location in 49 States, by co-eligibility determination in 40 States, by multi-purpose application forms in 41 States, and by a single case manager in 43 States. (GAO 1987b)

Administrative action. There are a variety of ways that administrative actions can be used to facilitate coordination of public assistance programs. For example, it is fairly common for State and local administrators of AFDC and Food Stamp programs to utilize JTPA, through a contractual relationship or memorandum of understanding, to administer their respective employment and training programs, with local JTPA offices providing dedicated staff to work with welfare recipients. In Maine's TOPS (Training Opportunities in the Private Sector) program, the state welfare agency provides initial recruitment, client assessment, and work experience before referring people to JTPA for placement in on-the-job training positions. Similarly, the JTPA and Employment Service programs in New Jersey share job development activities and job search classes. In fact, a November 1988 survey by the Interstate Conference of Employment Security Agencies found that Employment Service agencies in 31 States had some administrative ties to JTPA.

A second form of administrative action is through reorganization. In January 1988, the Massachusetts Division of Employment Security and Office of Training and Employment Policy merged to form a Department of Employment and Training that oversees JTPA, ES, unemployment insurance, and other state employment service programs. In May 1990, the State of South Carolina created an Employment and Training Division to oversee ES and JTPA. (ETR 1991b)

Co-location. Programs should have one geographical point of entry (co-location) to ease clients' access to a wide range of programs and to improve service delivery. Access would remain difficult for the recipient if the intake procedures were common to all programs but the entry points for the different programs were spread over a wide geographical area.

One-stop eligibility determination. In some States, each agency or service provider currently makes its own financial eligibility determination for potential recipients. In contrast, other States have initiated one-stop shopping systems for eligibility determinations, individual assessments, and referral to the appropriate public assistance program. Also called coeligibility determination for services, these systems provide for a single, centralized review of application forms for two or more programs having different eligibility requirements. These systems allow for centralized (a) collection of an applicant's financial data for all programs and (b) determination of financial eligibility for more than one

program. The computer support that generally accompanies centralization also insures greater accuracy.

For program administrators, one-stop shopping for eligibility determinations reduces administrative costs. Records are more accessible, eligibility determination and verification needs to be done only once, the likelihood of error is reduced, and eligibility redetermination can be made to coincide. For program recipients or beneficiaries, one-stop shopping minimizes travel inconveniences (which is especially important for the elderly and the disabled) and utilizes less burdensome application procedures. This approach should also encourage the use of a single purpose application form rather than many individual forms.

In Pennsylvania, the Single Point of Contact (SPOC) effort places JTPA, JOBS, and Job Service staff in the county offices of the State Public Welfare Department, which also administers the State's welfare program. The four programs also have an integrated intake process. (Fallis 1990) Indiana, Minnesota, New Hampshire, and South Dakota also have established one-stop shopping systems bringing together all employment and training activities.

Multi-purpose application form. Multi-purpose application forms (or coapplication for service) provide an applicant with the opportunity to record sufficient data on one form to permit the determination of his or her eligibility for several programs. Although a single form is used, some questions on the form may apply to all programs, while others may apply to specific programs with specific requirements. Multi-purpose application forms also offer benefits to program administrators: faster application time, less paperwork, and potentially reduced administrative costs. (OMB 1980)

Some States use a common intake form or a single document to determine and verify eligibility for different public assistance programs. A 1977 study by the Federal Paperwork Commission found that cross-program eligibility determination costs could be reduced significantly in this manner. In 1989, for example, New Jersey initiated an effort to develop a common intake form for its JTPA and Employment Service clients. (GAO 1987a)

Under the Michigan Opportunity System, that State has been testing different processes in several demonstration projects to enhance coordination among several human service agencies. The Michigan system utilizes a common intake assessment procedure for its employment and training programs and provides each client of the programs used in the demonstrations with a Michigan Opportunity Card. Shaped like a credit card, the use of the card allows staff from any education or training agency to access eligibility determination and other information on clients through a centralized automated database in each service delivery area. It saves the clients from having to fill out new forms for each program, while providing them access to an array of services. (Jennings 1989, ETR 1990c)

The use of a multi-purpose application form appears common with the use of one-stop shopping. For example, the North Dakota Job Service (which administers Job Service, Unemployment Insurance, and JTPA) developed and implemented in 1989 an intake system that allows clients to register for work, file a claim for unemployment insurance, and apply for JTPA benefits in one visit. This new system replaced three different intake points and three sets of application procedures. A major factor in consolidation of intake services was that the three programs were administered by the same State agency. The three programs also shared a common computer system which increased efficiency

and cut costs. Administration of the JOBS programs was integrated into this system. (ETR 1990b)

Uniform use of a multi-purpose application form is dependent upon the resolution of three issues. First, definitions should be generally standardized among the programs utilizing the form. Second, the Federal Government would need to simplify or standardize its policy requirements. Third, the State should make its data requests to applicants reasonable and understandable.

Integrated case management. Integrated case management means that an applicant who applies for benefits under two or more programs would deal with only one case manager from the beginning of the application process through the provision or denial of benefits. Integrated case management may also be a first step towards integrating the eligibility criteria, rules, and regulations of some programs, although this level of integration may require federal action to change the rules for other programs (such as AFDC and Food Stamps). A 1980 U.S. Government interagency report, the Eligibility Simplification Project, found that implementing integrated case management with automated eligibility features would save substantial administrative costs and lead to reduced error rates, improved services to clients, and reduced administrative workloads. (OMB 1980)

Conclusion

State management of programs is the preferred way of providing assistance. In order to increase beneficiary access and improve program administration, it is imperative to overcome barriers to coordination such as bureaucratic territoriality, different philosophical perspectives on the causes of and solutions to poverty, conflicting Federal and State regulations and reporting requirements governing different programs, overlapping but not identical goals and performance measures, and administrative differences in operating procedures for processing clients, contracting, and reporting. (AC 1989, Burbridge and Nightingale 1989)

VI. Program Eligibility Criteria

There is a multitude of regulations, procedures, definitions, and terminology used in federal public assistance programs. This has contributed to an assistance system that is fragmented, uncoordinated, and difficult to administer. Operating rules of the various governmental levels involved in running the programs also vary by program and state. The assistance delivery system is seen by many who work within it and many who wish to benefit from it as inefficient, costly, and confusing. A review of the literature addressing these issues and conversations with those involved in these programs allows three conclusions to be drawn about the present system of aid to the economically disadvantaged:

- program recipients or beneficiaries find these programs difficult to understand and access, and arbitrary and duplicative in their requirements;
- state and local program administrators and implementers find the paperwork requirements burdensome and the differing program requirements difficult to administer; and
- taxpayers find the programs to be wasteful and inefficient. (OMB 1980, LIOWG 1986)

Federal assistance programs utilize a variety of methods for determining whether a person is eligible for benefits under these programs. In general, the criteria for eligibility for an individual program are related in some rational way to the purpose of the individual program. Considered as a system, however, the differences in eligibility criteria for the different programs multiply administrative burdens upon both recipients and program staff. In fact, a major problem in addressing system reform and streamlining policies and procedures is that many of the eligibility rules and procedures are set by statute rather than by administrative action.

The factors that are generally employed to determine eligibility include the particular poverty level used, income eligibility standards, and definitions of "assistance units." A 1987 GAO study of states' views on coordination revealed that over 80 percent of the states responding found different programs using different definitions, terminology, and eligibility requirements concerning a client's financial status and other factors (e.g., definition of household) as "very great" or "great" obstacles to coordination. (GAO 1987b)

Poverty Levels

The Federal Government employs several different poverty "lines" or "thresholds." The Federal Government's statistical definition, developed by the Census Bureau, is widely used in general discussions about poverty and was adopted to meet the interests of the public, Congress, and Executive Branch agencies in knowing the number, characteristics, and location of the poor. (GAO 1987a)

However, different poverty measures are used for administrative, legislative, or programmatic purposes. Although frequently related to the statistical definition, poverty measures for these purposes are not general in nature and have

features designed to reach a specific subpopulation of the poor or low-income groups. The most commonly used guidelines for administrative purposes are the federal poverty income guidelines, a simplified version of the Census Bureau's statistical thresholds, which are developed by the Department of Health and Human Services. (HEW 1976)

In addition, two sets of programs use their own poverty measures in determining eligibility. In addition to the federal poverty income guidelines, JTPA programs employ the Lower Living Standard Income Level (LLSIL), one of the few poverty measures that takes into account regional cost-of-living differences in the United States. There is some question, however, over the relative accuracy of this standard. Also, many Department of Education programs rely upon eligibility standards that are determined by one of several congressionally mandated needs analysis systems that are included in these programs' authorizing legislation.

The 1986 Domestic Policy Council welfare reform review discovered that seven of the 59 programs that it examined used 100 percent of the poverty income guidelines to determine eligibility, while 20 programs set limits at some multiple of those guidelines (such as 130 percent or 185 percent). The remaining programs used such measures as the median income of a state or county, a state-determined eligibility level, or some other measure. (LIOWG 1986)

Overall eligibility criteria within the seven major assistance categories are generally uniform. For example, all of the cash aid programs rely on a "dollar amount" eligibility standard, an "income deemed needy" income eligibility standard, or a combination of the two. Most of the food aid programs rely on either the "poverty income guidelines" standard or enrollment in another program.

The use of a variety of income eligibility tests within assistance categories is not as much of a problem as one might initially believe. Most of the differences come in programs where recipients would not be under conflicting program requirements. For example, individuals who avail themselves of the Indian Health Services program are not eligible for Medicaid. Similarly, individuals receiving medical aid for refugees and Cuban or Haitian entrants would not apply for aid from community health centers.

Two major criticisms of the poverty measures currently used have surfaced in recent years. First, it is believed that the composition of the items used to measure poverty are not relevant to the poor family today. Second, most poverty measures are adjusted only for inflation or price changes. Congress' Joint Economic Committee held hearings on this subject in April 1990. As making changes in the poverty measures would be very controversial, no action has been taken to date.

Income Eligibility Criteria

The two major issues with respect to income eligibility criteria are how the income eligibility requirements are defined and how income levels are determined. How income and its components are defined obviously affects the extent to which a family is above or below the poverty line and its eligibility for benefits. (GAO 1987a) The different program definitions and eligibility standards approach income from a variety of directions.

It has been reported that the varieties in income maximums themselves, and especially what is counted as income and what is not (exclusions or disregards), create the worst problems of the public assistance system. Sometimes only cash income is considered, other times in-kind or non-cash

benefits are added to cash. Also, some programs count the income of other family members when they determine eligibility levels, while others do not.

As a general rule, programs with substantial monthly benefits (AFDC, SSI, Medicaid, and Food Stamps) have detailed rules about what must be counted as income and what must be disregarded. AFDC, SSI, and Medicaid also tend to have the lowest income eligibility levels and generally limit eligibility to those with "cash" income below the official poverty line. These programs also require recipients to document their income and report income changes to the welfare agency. Smaller programs generally have less strict standards and require less documentation. (LIOWG 1986)

The reasons for exclusions or disregards also serve to illustrate the difficulty in developing a more uniform system. The Domestic Policy Council's Low Income Opportunity Working Group identified several reasons. Some income may be excluded to encourage recipients to seek and keep employment. Some may be excluded because it is not considered available for basic needs (such as unusual medical care). Some, and in significant amounts, must be excluded because of other federal laws, such as statutes that do not allow non-cash welfare benefits to be counted as income by other welfare programs. (LIOWG 1986) In addition, the fact that criteria other than income can provide a basis for eligibility means that an individual eligible for one program may not be eligible for another.

The fact that income eligibility standards vary among programs and are not tied directly to the poverty line makes it difficult to target benefits to families in "poverty." This situation has created difficulties for both assistance program administrators and assistance recipients. In fact, it may mean that many who would not normally be considered "poor" receive assistance, while many others who should be considered very poor are prevented from receiving benefits. Also, many recipient incomes, after welfare benefits, exceed poverty thresholds because most recipients participate in several programs simultaneously and because benefits of the various programs are not fully coordinated. Complicating this picture even more is the fact that many programs have objectives aside from targeting the poor.

Standard or common definitions, usable by all programs, must serve two purposes. First, the definitions must identify what constitutes income and resources. Second, common definitions should indicate whether the income or resource is to be counted or included in determining eligibility. (OMB 1980)

Standard definitions relating to income and assets, when combined with common verification standards among agencies, would allow for (a) an applicant's financial situation to be gathered and recorded in an identical manner for all programs, thereby reducing the need for multiple forms; (b) a single verification by one program that should suffice for others; and (c) centralized determination of financial eligibility for all programs. Standard definitions and data collection would help in the implementation and monitoring of programs in the future. Michigan and other States have developed common definitions of terms and quantifiable outcomes across human investment programs. (Jennings 1989)

There is a great deal of cross-eligibility among specific assistance programs. Under the AFDC program and its established federal guidelines, States define need and establish income and resource limits. Medicaid, the largest federal assistance program, relies upon AFDC criteria as one of its primary mechanisms for determining program beneficiaries. Head Start uses the poverty income guideline; 90 percent of

program recipients must be poor. Although both the Food Stamp and JTPA programs maintain their own standards, both programs use AFDC standards as one of their criteria. (AFDC recipient families are automatically eligible to receive Food Stamps.) Several other cash programs use the income eligibility levels of AFDC and SSI as well, including Foster Care, Adoption Assistance, Refugee Assistance, and Indian General Assistance. The eligibility criteria for 14 of the larger programs are summarized in Table IV.

TABLE IV
INCOME ELIGIBILITY TESTS FOR SELECTED PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED

Program	Limit related to:			Dollar Amount	Income deemed needy	Area of residence	Enrollment in other program	Other
	Official poverty measure	Lower Living standard income level	State/ area median income					
AFDC					X[1]			
SSI				X	X[2]			
Earned Income TaxCredit				X				
Work Incentive Program							X	
Medicaid	X				X[1]		X	
Food Stamps	X						X[3]	
School Breakfast and Lunch Programs	X						X[4]	
WIC	X						X	
Head Start	X							
JTPA Programs	X[5]	X					X	
Social Services Block Grant					X[1]			

[1] Income deemed needy by State or locality.
[2] States decide need for optional State Supplement to SSI.
[3] Households composed wholly of AFDC or SSI recipients automatically are eligible for Food Stamps.
[4] Food stamp eligibility is accepted as documentation of eligibility for this program.
[5] The federal poverty income guideline is used if higher than 70 percent of the LLSIL.

Assistance Units Eligibility Criteria

The coverage of a program depends on who is included in the assistance unit as well as on the income eligibility levels themselves. Depending upon the particular program, the assistance unit may be defined as a family, household, individual, or couple.

Although the Food Stamp and AFDC programs are both designed to assist low-income households, the programs' standards for determining which household members are eligible to participate differ considerably. The Food Stamp Program's household definition generally encompasses all household members that prepare and eat meals together, but the AFDC uses the family as the eligibility unit which generally includes only dependent children, their siblings, and their parents or other caretaker relatives. The income of a member of a household could be included in determining Food Stamp eligibility if he prepares and eats meals with household members but is not responsible for dependent children. The AFDC program does not assume so wide a responsibility as Food Stamps of all household members for the others, so the household member may not qualify for AFDC eligibility.

As is the case with so many other rules, the definition of a household is very subjective. The development of a household definition for the food stamp program illustrates this point. Starting with the Food Stamp Act of 1964, Congress has amended periodically the household definition to meet a variety of social needs. In 1964, the household was defined as an economic unit consisting of a group of related or nonrelated individuals who lived together, shared common cooking facilities, and customarily purchased food together. In 1971 amendments to the Food Stamp Act, household eligibility was expanded to include households receiving other forms of public assistance, such as AFDC; however, some groups were precluded from receiving benefits, such as unrelated individuals living together. Between 1972 and 1974, Congress again modified the household definition to provide benefits to the institutionalized and the elderly. After a series of successful court challenges to the Food Stamp program, Congress redefined a household in the Food Stamp Act of 1977. That definition was expanded in 1979 and 1980 amendments to the Food Stamp Act. The Omnibus Budget Reconciliation Acts of 1981 and 1982 again redefined the household by putting limitations on the definition. In 1987, the definition of a household was again expanded, this time to help combat the problems of the homeless. Parents with minor children living with another sibling or parent were permitted to apply for benefits as a separate household if they purchased food and prepared their meals separately.

Conclusion

Although there exists some cross-eligibility and duplication among programs, the variety of poverty levels as well as the array of eligibility criteria for federal assistance programs has made implementation difficult for States and potential aid recipients.

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APPENDIX A
Descriptions of Federal Programs for the Economically Disadvantaged

The information presented in this appendix (text and tables) is derived primarily from four sources: Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986-88, compiled by Vee Burke, CRS Report 89-595 EPW, Congressional Research Service, Library of Congress, October 24, 1989; Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, 1989 Edition, Committee on Ways and Means, U.S. House of Representatives, March 15, 1989; Up From Dependency, Supplement 1, The National Public Assistance System, Volumes 2 and 3, Interagency Low Income Opportunity Advisory Board, September 1987; and Fact Sheets supplied by various departments and agencies.

APPENDIX A
Descriptions of Federal Programs for the Economically Disadvantaged

1. Introduction

This appendix presents information on 60 federal public assistance programs. First, funding and general eligibility information is presented for the six assistance categories of cash aid, medical aid, food aid, education aid, jobs and training aid, and "other" services. Detailed information is then presented on the purpose, administration, and eligibility requirements for 14 specific programs within those categories that were used to assess the eligibility criteria and prospects for change in federal public assistance programs. Housing and energy assistance programs are not examined here.

These 14 programs were selected because they serve broader groupings of the economically disadvantaged and either (a) account for over $1 billion in federal expenditures or (b) account for less than $1 billion in federal expenditures but are intimately tied to other programs (such as the School Lunch and Food Stamps programs). These 14 programs accounted for approximately $122 billion, or 78% of the total expenditures for all federal programs for the economically disadvantaged in Fiscal Year 1988. The funding for these programs and the percent of the assistance category funding for which they account are presented in Table A-I.

Job training programs that are part of larger assistance programs, such as the AFDC/JOBS and Food Stamps Employment & Training programs, are discussed with their parent programs rather than in the section on Employment and Training Assistance Programs because participation in the former programs is often a condition of participation in the larger program.

2. Cash Assistance Programs

Funding and General Eligibility Information

There are 12 programs providing some form of cash assistance or cash benefits to the economically disadvantaged. These 12 programs provide over $47 billion of assistance: 68 percent of the funds come from the Federal Government, and 32 percent from State and local governments (according to Fiscal Year 1988 expenditures). These programs are presented in Table A-II.

Programs for the Aid to Families with Dependent Children (including AFDC Work Incentive Program), Supplemental Security Income, and the Earned Income Tax Credit are examined below. These programs total $38.7 billion, or 81% of the total available for cash assistance. Five of the remaining eight programs account for less than one percent of the cash assistance total and the other three deal with specialized groups or special problems.

TABLE A-I
SELECTED FEDERAL PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED
(by Size of Program in Millions of Dollars and by Percent of Assistance Category)

Program	Total Federal/State Expenditures (Fiscal Year 1988)	Percent of Assistance Category Represented
AFDC	$ 18,997	
Supplemental Security Income	14,687	81% of cash aid
Earned Income Tax Credit	4,927	
AFDC Work Incentive Program	103	
Medicaid	54,304	82% of medical aid
Food Stamps	14,369	
School Lunch Program	3,057	92% of food aid
WIC	1,802	
School Breakfast Program	463	
Head Start	1,508	14% of education aid
JTPA Programs	3,244	87% of jobs and training
Social Services Block Grant	4,680	72% of other services
TOTAL	$122,141	78% of total for all six categories

The 12 programs providing cash assistance to the economically disadvantaged rely on either a dollar amount eligibility test (3 programs) or an income deemed needy (by the State) eligibility test (6), or a combination of the two (3). The four programs that are the focus of this chapter represent all three of the eligibility tests.

Aid to Families with Dependent Children

Purpose and Administration

The primary purposes of the Aid to Families with Dependent Children (AFDC) program are to (a) provide temporary and immediate financial assistance (through States) to needy families with dependent children, and (b) help parents in these families become self-sufficient. Federal and state governments share in its cost.

The Federal Government provides broad guidelines and program requirements through the Family Support Administration of the Department of Health and Human Services. The States are responsible for program formulation, benefit determinations, and administration. To receive federal funding for AFDC, a State must enter into an agreement, via a state plan, with the federal government. A State may elect to have the program administered centrally (state administered) or locally (state supervised).

TABLE A-II
FUNDING FOR CASH ASSISTANCE PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED
(in millions of dollars, Fiscal Year 1988)

PROGRAM	FUNDING DATA			
	FEDERAL EXPENDITURES	STATE EXPENDITURES	FEDERAL/ STATE TOTAL	PERCENT OF TOTAL[1]
Aid to Families with Dependent Children	$10,302	$ 8,695	$18,997	40%
Supplemental Security Income	11,663	3,024	14,687	31%
Earned Income Tax Credit	4,927	0	4,927	10%
Pensions for Needy Veterans, their Dependents, and Survivors	3,862	0	3,862	8%
General Assistance	0	2,700	2,700	6%
Foster Care	888	831	1,719	4%
Adoption Assistance	114	92	206	<1%
Emergency Assistance	96	96	192	<1%
Assistance to Refugees and Cuban/Haitian Entrants	163	0	163	<1%
Work Incentive Program	93	10	103	<1%
Dependency and Indemnity Compensation and Death Compensation for Parents of Veterans	101	0	101	<1%
General Assistance to Indians	67	0	67	<1%
CASH AID TOTAL	$32,276	$15,448	$47,724	100%

[1] Percent totals slightly higher than 100% due to rounding.

The determination of eligibility for AFDC is conducted at the local level, in response to a request from a parent or relative with whom the child is living. The request for assistance initiates the application process. Applications are made in writing on an application form developed by the state agency. The local agency is responsible for reviewing, verifying, and documenting all factors affecting eligibility. AFDC program requirements vary from state to state.

The original Social Security Act permitted States to provide AFDC only to needy children in one-parent homes, unless the second parent was incapacitated. Then, as now, most AFDC children lived in fatherless homes. For the first 25 years of the program, State AFDC programs were forbidden to help the family if a father lost his job and his family became needy, but he continued to live at home. Starting in May 1961, Congress allowed States to provide AFDC to the

needy children of unemployed fathers who were still living at home (AFDC-UP). Federal regulations specify that the AFDC parent who is the principal earner must work fewer than 100 hours a month to be classified as unemployed. (This was changed to unemployed "parents" pursuant to the U.S. Supreme Court decision in California v. Westcott in 1977). Although some States resisted establishing an AFDC-UP program because of the added costs, the Family Support Act of 1988 required all States to operate an AFDC-UP program as of October 1, 1990.

Eligibility Requirements

Eligibility in each State is based on a need standard established by that State as well as the income and resources available to the recipient. The AFDC legislation doesn't define either "need" or a minimum standard of need. Each State sets its own need standard and determines the extent to which it is willing and able to meet that need (in order to determine eligibility and benefit amounts). The need standard is the amount of money a State determines essential to meet a minimal standard of living in that State for a family of a specified size. In general, the standard provides for basic consumption items such as food, clothing, shelter, fuel and utilities, personal care items, and household supplies that are essential to recipients.

The need standard may also provide for special (onetime or recurrent) needs, such as special dietary requirements, pregnancy expenses, household equipment or furnishing, or moving expenses. States can establish their need standard as a single amount covering a group of items (fully consolidated standard), or as several amounts, each covering a group of items (partially consolidated standard), or as an individual amount for each item.

Some States vary the amount of money associated with an item to reflect local costs rather than average costs within the State; for example, some States vary the shelter allowance to reflect local price differentials. Regardless of the method used to express the need standard, the standard must be uniformly applied within the State or locality to all families in similar circumstances. Although participating States must comply with the terms of the federal legislation, the AFDC program is voluntary, and States have traditionally been at liberty to pay as little or as much as they choose.

To be eligible for AFDC, a child must be in a specified kind of family with income below an amount specified by the State and the family caretaker is subject to work requirements. To qualify for AFDC benefits, a family must pass primarily four tests: family structure, counted "net" income, gross income, and work requirements.

Family Structure. States provide AFDC cash to needy children (and their parents or other caretaker relatives) who have been deprived of support or care of one parent because that parent is absent from home continuously, incapacitated, deceased, or unemployed. Other requirements include that the dependent child is living in the home of a parent or other close relative, a resident of the State, and a U.S. citizen or alien permanently residing in the United States. Caretaker relatives must cooperate in establishing paternity and in acquiring third-party medical support and must assign rights to support.

Eligibility for federally aided AFDC ends on a child's 18th birthday, or at State option upon a child's 19th birthday if the child is a full-time student in a secondary or technical school and may reasonably be expected to complete the program before he or she reaches age 19.

In 1984, Congress established a standard definition of the AFDC assistance unit: the

parent(s) in the home and all minor related siblings (except SSI recipients). The law requires States to consider as available to the AFDC child of a minor parent, part of the income of the mother's parents, if in the same home. For all assistance units, the first $50 of monthly child support is disregarded when determining eligibility and benefits.

Income Tests. To qualify for AFDC benefits, a family must pass two income tests: a gross income eligibility test and a counted ("net") income test.

Gross Income Eligibility Test. The AFDC gross income limit (set by the Deficit Reduction Act of 1984 or PL 98-369) is 185 percent of the need standard for the relevant family size. This means that a family with income that exceeds 185 percent of the need standard, with very limited disregards, cannot receive AFDC.

Congress set a counted resource limit in 1981 of $1,000 (equity value) per family. Excluded are the home (by law); an auto (limited by regulation to $1,500 in equity value, or a lower State limit); and items of personal property deemed essential to daily living (by regulation and at State option). The disregards may include the first $50 per month of child support received by the family and optional earned income disregards for certain students.

Although AFDC rules require different treatment of AFDC applicants and AFDC recipients, both are subject to the gross income eligibility test. For applicants, eligibility is limited to families whose gross income (minus child care costs and a flat sum for other work expenses) is below the State's need standard. Applicants are ineligible for AFDC's earned income disregard, which is described below. For recipients, eligibility is limited to families whose gross income (minus a flat sum for work expenses and dependent care costs, and the earned income disregard) is below the State's "payment" standard for the relevant family size.

Counted Income Test. The family's countable income is measured against the State's payment standard to determine the actual amount of benefits. All earned and unearned income must be counted in determining the family's needs unless expressly disregarded by federal statute.

The State disregards earned income tax credits and the following amounts of earned income: (a) $90 per month for work expenses for individuals employed full or part-time; (b) actual expenses for dependent care up to $175 per month for each dependent child who is at least age two or each incapacitated adult, and up to $200 per month for each dependent child who is under age two for full-time workers (a lesser amount may be applicable at State option for part-time workers); and (c) $30 per month and one-third of a person's remaining income for the first four consecutive months of a job, and $30 for each of the eight subsequent months of the job. States must also consider as available to an AFDC child part of the income of a stepparent who lives with him or her.

Work Program Requirements. The Job Opportunities and Basic Skills Training (JOBS) Program, one of the key pieces of the welfare reform legislation passed in 1968, is established under Title II of the Family Support Act, which amends the Social Security Act. It provides funding and creates a set of requirements upon State AFDC agencies to assist applicants for and recipients of AFDC to obtain the employment, education, training, child care and other supportive services that will help them avoid long-term welfare dependence.

Targeting those who are long-term or potentially long-term welfare dependent, JOBS shifts the focus of the AFDC system toward providing transition to

self-sufficiency and away from simple providing income maintenance. The program replaces the WIN and WIN Demonstration programs as well as the work programs available under Title IV-A of the Social Security Act.

Under JOBS, States are required to offer: (a) educational activities (high school or equivalent, basic and remedial education to attain a basic literacy level, and education in English proficiency), (b) job skills training, (c) job readiness activities, and (d) job development and job placement. In addition, States must offer at least two of the following: (a) job search, (b) on-the-job training, (c) community work experience, and (d) work supplementation. States may allow individuals to continue in self-initiated higher education or vocational education and also may provide postsecondary education as a JOBS activity.

Unless determined by the State to be exempt by such reasons as age, incapacity, school attendance, remoteness, or caring for young children, AFDC recipients are subject to JOBS when child care is available. Those individuals determined to be exempt may volunteer for the program. The child care exemption is extended to the parent or other relative personally providing care for a child under the age of three or, if provided in the approved State JOBS plan, to such person caring for a child under age three but not under age one. Providing only for rare exceptions, States must require non-exempt custodial parents under age 20 (regardless of the age of the child) who have not completed high school or the equivalent to complete their education, and may require them to do so on a full-time basis. States may require JOBS participants to perform up to eight weeks of job search a year and also may require AFDC applicants to engage in job search.

The new law requires each State to involve the private sector in JOBS planning and program design to assure that participants are trained for jobs that are available in the community. It requires the Governor of each State to determine whether the JOBS program is consistent with the criteria for coordinating activities included in the JTPA program. The State also is required to engage the education sector in planning and coordinating the program, particularly the State agency for programs under the Adult Education Act and the Carl D. Perkins Vocational Education Act. In addition, the State is required to coordinate with agencies for child care, public housing, and the employment service. The Secretary of Health and Human Services is required to consult with the Secretaries of Education and Labor on a continuing basis to ensure coordination of education and training services.

The Family Support Act required all States to have a JOBS program in place by October 1, 1990, and to be statewide in the operation of the program (unless a waiver is obtained) by October 1, 1992. States must discontinue their WIN programs upon implementation of JOBS.

Supplemental Security Income

Purpose and Administration

Supplemental Security Income (SSI) is a federally administered income assistance program that provides monthly cash payments under uniform, nationwide eligibility requirements to needy aged, blind, and disabled persons. SSI is administered by the Social Security Administration of the Department of Health and Human Services.

States may provide additional payments (called state supplementary payments) to SSI recipients at their own expense. These payments can be paid directly by the State or, by agreement with the Secretary of Health and Human Services, along with the federal SSI check. In addition, a

"grandfather" clause requires States to provide supplements to a small number of persons, previously enrolled in the pre-SSI programs for needy aged persons and blind or disabled adults, whose income otherwise would fall short of its December 1973 level.

Eligibility Requirements

To qualify for SSI payments, a person must satisfy the program criteria for age, blindness or disability. The aged are defined as persons 65 years and older. The blind are individuals with 20/200 vision or less with the use of a correcting lens in the person's better eye, or those with tunnel vision of 20 degrees or less. Disabled individuals (including children) are those unable to engage in any substantial gainful activity by reason of a medically determined physical or mental impairment expected to result in death or that has lasted, or can be expected to last, for a continuous period of at least 12 months. A person must reside in the United States or the Northern Mariana Islands and be a U.S. citizen, an alien lawfully admitted for permanent residence, or an alien who the Immigration and Naturalization Service acknowledges is present in the United States and whose departure the INS does not contemplate enforcing.

The maximum federal benefit rates are $386 monthly per individual and $579 per couple (in 1990). These payments are reduced by countable income received by the recipient. Not all income is counted, there are a variety of income disregards. Earned income is treated more favorably than unearned income to provide an incentive to work. People who live in States that supplement the federal payment may have more income and still qualify. For state supplementary payments, countable income limits are higher, ranging up to $717 monthly per individual (living independently) in Alaska.

Countable resources may not exceed $2,000 per individual and $3,000 per couple. Not all expenses count; excluded assets include, but are not limited to, a home; the first $2,000 in equity value of household goods and personal effects; the full value of an auto if needed for employment, medical treatment, or essential transportation, or if modified for use by a handicapped person, otherwise, the first $4,500 in market value of the auto; a life insurance policy not exceeding $1,500 in face value; and burial plots and funds, subject to a limit.

Earned Income Tax Credit

Purpose and Administration

The Earned Income Tax Credit (EITC) provides a refundable tax credit to working parents who support children, maintain a household, and have relatively low total incomes. EITC offsets some or all of a family's tax liability and yields direct payments from the government whenever a family's tax credits exceed its tax liability. EITC was intended to provide a work incentive and to offset the burden of Social Security taxes on low income workers. In addition, EITC was intended to provide financial assistance to the working poor who had no tax liability. EITC was developed as a result of interest in the plight of the working poor, families that remain in poverty despite having members in the work force.

The credit equals 14% of an individual's annual earned income up to an inflation-adjusted figure now set at $6,807 for 1990. The maximum credit ($953 for 1990) is phased out at a 10% rate for earned income (or, if higher, adjusted gross income) in excess of an inflation-adjusted level set at $10,734 for 1990. Although the EITC provides significant aid to working poor families, it is not adjusted for family size.

Studies have claimed that the tax credit approach has three major advantages. It funnels money directly to those in need, it relies on the existing administrative system of the federal income tax, and its association with the tax system avoids the stigma of welfare-type grant programs. Analyses also report two disadvantages. First, the tax credit approach's inclusion in the tax system makes the resultant income redistribution highly visible, thereby setting political constraints on the extent that tax credits can provide assistance. Second, the higher the benefit amounts, the greater must be the phaseout rate in order to exclude higher-income families from eligibility. The phaseout rate adds to the effective tax rates of eligible families in the affected income range.

The EITC is operated through the Internal Revenue Code, and is administered by the Internal Revenue Service of the Department of the Treasury. An individual claims the credit on his federal income tax return. A wage earner may also receive advance payment of the credit from his employer during the year. The employer may claim credit for advance payments of EITC to employees on the Employer's Quarterly Tax Return (Form 941). State and local governments have no role in administering the program.

Eligibility Requirements

An individual's eligibility for the EITC is determined during the individual's taxable year (in the case of EITC filers, this is virtually always the calendar year) but receipt of the credit is generally in the following year when a return is filed to claim the credit. Only a small percentage of eligible individuals actually take advantage of the advance payment feature during the tax year.

EITC is available to a parent (or parents) with earned income whose annual earned income (or, if higher, adjusted gross income) is not above $20,264 (1990 limit), whose child lives with him, and who files a federal tax return using either "married filing jointly," "qualifying widow(er)," or "head of household" filing status. Parents who are either married and who file joint returns or are widow(er)s who file as surviving spouses must be able to claim a dependency exemption for the child. An unmarried parent who files as "head of household" need not be able to claim a dependency exemption for the child. Parents who must file as single or as "married filing separately" cannot claim the credit.

To receive the credit, a parent need not owe or pay any income tax. However, an eligible parent must apply for the credit by filing an income tax return at the end of the tax year. An eligible parent may receive advance payments of the credit through his employer during the year by providing an earned income credit eligibility certificate to the employer. Parents who receive advance payments of the credit during a tax year must file tax returns for that tax year.

AFDC funds may not be counted as the parent's contribution toward maintaining a household or for supporting the cost of maintaining the household during the tax year. Thus, a single-parent AFDC family is ineligible for the credit if more than half of the cost of maintaining the household during the tax year is paid with AFDC funds. Similarly, a married couple is ineligible for the credit if more than half of their child's support is paid with AFDC funds during the tax year. Generally, the parent's earnings must exceed the AFDC benefit to qualify for the EITC.

The amount of a tax credit can be affected by receipt of other types of assistance. EITC is reduced as adjusted gross income increases over its phasedown income ranges. Some public benefits are counted in adjusted gross income and serve to reduce this credit. For example, all unemployment

benefits and half of social security benefits above certain income levels are included in adjusted gross income. On the other hand, need-based aid (such as AFDC and Food Stamps), as well as other types of aid (such as workers' compensation and veterans' benefits) are not included in adjusted gross income and do not count against tax credits.

Need-based assistance programs treat tax credits in a variety of ways, depending on the program, the credit, and how it is received. As of October 1, 1989, the AFDC and Medicaid programs did not count EITC as income except under the 85 per cent test. The Food Stamp program disregards EITC if it is received as an advanced payment, but EITC is counted as a liquid asset (thereby potentially affecting Food Stamp eligibility) if it is received as a tax refund. Other assistance programs have no rules for disregarding EITC.

3. Medical Assistance Programs

Funding and General Eligibility Information

There are eight federal and state programs designed to provide medical assistance to the economically disadvantaged. These programs provide over $66 billion of assistance: 58 percent of the funds come from the Federal Government, and 42 percent from State and local governments (according to Fiscal Year 1988 expenditures). These programs are presented in Table A-III.

Medicaid, which accounts for over $54 billion, or 82% of the total available for medical assistance, is examined below. Of the remaining seven programs, three total less than 1 percent, with the others being directed at specialized groups or activities.

The eight programs providing medical assistance to the economically disadvantaged rely on five different income eligibility standards. These standards are the official poverty measure (4 programs), dollar amount (1), area of residence (2), income deemed "needy" by the State (3), or enrollment in another program (2). Three of the programs rely on combinations of these eligibility tests.

Medicaid

Purpose and Administration

Medicaid, authorized under Title XIX of the Social Security Act is a Federal-State matching entitlement program providing medical assistance for low-income persons who are aged, blind, disabled, members of families with dependent children, members if certain federal poverty level-related groups, and certain other pregnant women and children whose income and resources are insufficient to meet the costs of necessary medical services. Mandatory services provided by all States include inpatient and outpatient hospital care, laboratory and X-ray services, skilled nursing facility care for persons under age 21, family planning services other than abortion, physicians services, rural health clinic services, home health services, and nurse mid-wide services. Medicaid is the most expensive program providing assistance to the economically disadvantaged, and is the only one that has grown significantly over the past decade.

Federal oversight of the Medicaid program is the responsibility of the Health Care Financing Administration of the Department of Health and Human Services. At the State level, Medicaid is administered by a designated single state agency, as required by federal law. Generally, that agency is either the state welfare agency, the state health agency, or the umbrella human

TABLE A-III
FUNDING FOR MEDICAL ASSISTANCE PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED
(in millions of dollars, Fiscal Year 1988)

PROGRAM	FUNDING DATA			
	FEDERAL EXPENDITURES	STATE EXPENDITURES	FEDERAL/ STATE TOTAL	PERCENT OF TOTAL[1]
Medicaid	$30,567	$23,737	$54,304	82%
Medical Care for Veterans without Service-Connected Disability	5,855	0	5,855	9%
General Assistance	0	3,927	3,927	6%
Indian Health Services	1,006	0	1,006	2%
Maternal and Child Health Services Block Grant	527	333	860	1%
Community Health Centers	395	0	395	<1%
Medical Assistance to Refugees and Cuban/ Haitian Entrants	73	0	73	<1%
Migrant Health Centers	43	0	43	<1%
MEDICAL AID TOTAL	$38,466	$27,997	$66,463	100%

[1] Percent totals slightly higher than 100% due to rounding.

resources agency. The state agency may contract with other State entities to conduct some program functions. Further, States may process claims for reimbursement themselves or contract with fiscal agents or health insuring agencies to process these claims.

Within federal guidelines, each State designs and administers its own program. Thus, there is substantial variation among the States in terms of persons covered, eligibility requirements, type and scope of benefits offered, and amounts of payments for services. States are also responsible for assuring the quality of medical care provided under Medicaid.

Local agencies may be responsible for eligibility determinations and other casework duties, depending upon the State. In most cases, applications to Medicaid are handled by the same State or local welfare office that handles AFDC applications. In fact, an application for AFDC constitutes an application for Medicaid in all States and, in most States, an application for SSI constitutes an application for Medicaid. Hospitals and other public and private sector institutions frequently make Medicaid referrals for medically needy persons.

Eligibility Requirements

Eligibility for Medicaid is generally linked to actual or potential receipt of cash assistance under the federally assisted AFDC and SSI programs. There is no single income limit prescribed for potential beneficiaries of this program. Also, the

Medicaid statute does not prescribe a single set of rules regarding disregards of earned income. Instead, States are required to use the AFDC rules or, in most States, SSI rules, as appropriate. Changes to AFDC or SSI would carry over into Medicaid.

Although a connection to cash assistance is still the primary way to establish Medicaid eligibility, recent legislation has expanded the population groups eligible for program coverage. States are now required to cover all pregnant women meeting the States' income and resources requirements, whether or not they are receiving cash assistance. They are also required to phase-in coverage of all children under age 7 or 8 who meet such income and resources standards. Further, States have been given the option of extending their programs to cover additional low-income target groups. Beginning July 1989, States were required to phase-in Medicaid coverage for pregnant women and infants below the poverty line. Beginning January 1, 1989, States were required to phase-in coverage of Medicare cost-sharing charges for the Medicare population with incomes below poverty. Effective April 1, 1990, the range of services that must be provided to children under the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program have been expanded by the Omnibus Budget Reconciliation Act of 1989.

In extending coverage to pregnant women and children, Congress was reacting to concern over the incidence of infant mortality and other unfavorable outcomes of pregnancy and to the growth in the number of Americans without health insurance coverage.

In addition to these new target groups mandated by Congress, there are two classes of eligibility under Medicaid: "categorically needy" and "medically needy." All States participating in Medicaid are required to cover certain categorically needy persons (mandatory categorically needy) and may extend categorically needy coverage to certain additional persons (optional categorically needy). Coverage of the medically needy is optional with the States.

Categorically needy. All States (except Arizona, which is involved in a separate demonstration project) cover the categorically needy under their Medicaid programs. The categorically needy include those persons receiving assistance under AFDC and SSI and certain low income pregnant women and children.

Coverage of families and children. A State is required to cover under Medicaid all persons receiving cash payments under its AFDC program. States are also required to extend categorically needy coverage to additional groups though they are not actually receiving a cash payment. Coverage must be extended for the following groups for an unlimited period, provided the individuals continue to meet the requisite criteria: persons whose cash payment would be less that $10; persons whose AFDC payments are reduced to zero because of recovery of overpayment of AFDC funds; certain work supplementation participants; certain children for whom adoption assistance agreements are in effect or foster care payments are being made under Title IV-E of the Social Security Act; individuals ineligible for AFDC because of a requirement prohibited under Medicaid; and individuals eligible for Medicaid except for the 1972 Social Security increase.

States must provide Medicaid coverage for certain additional pregnant women and children. They are required to cover under Medicaid all pregnant women from the medical verification of pregnancy and all children under age 7 or 8 meeting AFDC income and resources requirements, or with family income at or below 133% of the federal poverty level. A woman who was eligible for and received Medicaid while

pregnant remains eligible for all pregnancy-related and postpartum services under the plan through the end of the month in which the 60-day period (beginning on the last day of pregnancy) ends.

States are also required to provide Medicaid for pregnant women and for children under age 6 with income up to 133% of the federal poverty level and may provide Medicaid, at their option, for children born after September 30, 1983, who have attained age 6, but not yet ages either 7 or 8, as chosen by the State. States also have the option to provide Medicaid to pregnant women and infants with family income up to 185% of the federal poverty level. In addition, States have the option to provide Medicaid coverage throughout the pregnancy and postpartum period without regard to changes in income. States are not required to have a resource test for the pregnant women and children whose eligibility is related to the poverty level. Finally, States have the option to provide coverage for a limited period to a pregnant woman who, based on a simple income test, is determined to be presumptively eligible. This enables a woman to receive care while regular eligibility is being established.

Effective April 1, 1990, States are required to extend Medicaid coverage for up to 12 months to families who lose cash assistance due to earnings or loss of the earned income disregard. During the first six months they are required to provide each family the same Medicaid coverage that it had while on cash assistance. States have a "wrap around" option. During the second six months the States are required to provide coverage to families that have met certain income reporting requirements. During this second 6-month period, States have the following options: (a) limiting the scope of Medicaid coverage to acute benefits; (b) imposing a monthly premium (not to exceed 3 percent of gross income) on those with incomes above poverty line; or (c) offering families the choice of basic Medicaid coverage (which may be limited to acute benefits) or one or more types of alternative coverage. During the entire period, States have the option of offering "wrap around" coverage instead of basic Medicaid coverage. Under this option, a State may use Medicaid funds to pay a family's expenses for premiums, deductibles and coinsurance for employer-based health care coverage.

When families lose AFDC eligibility, categorical Medicaid eligibility also frequently ends, except under certain circumstances. The Deficit Reduction Act of 1984 (PL 98-369) required States to provide 9 months of Medicaid coverage to families who lose eligibility for AFDC due to the termination of the $30 disregard, or the $30 plus one-third disregard. States had the option of extending this coverage for an additional six months in the case of a family that would be eligible for AFDC if the $30 plus one-third disregard were applied. Families who lose AFDC due to an increase in earnings continue to be eligible for four months of Medicaid benefits. In addition, States must provide four months of Medicaid coverage to AFDC families who lose eligibility due to receipt of child support payments.

Effective October 1, 1990, States are required to extend Medicaid coverage to two-parent families where the principal breadwinner is unemployed. This provision expires October 1, 1998.

Coverage of the aged, blind, and disabled. States have three options as to how they treat SSI recipients in relation to Medicaid eligibility. Section 1634 of SSI law allows the Social Security Administration to enter into agreements with States to cover automatically all SSI recipients with Medicaid eligibility. SSI recipients are not required to make a separate application for Medicaid under this arrangement. Thirty-one States and the District of

Columbia have chosen this option, and SSI recipients in these States account for approximately 75 percent of all SSI recipients nationwide.

Under the second option, States elect to use SSI eligibility criteria for Medicaid eligibility for all SSI recipients but require a separate application with the state agency that administers the Medicaid program. Six states have elected this option.

The third and most restrictive option is known as the "209(b)" option, under which States may impose Medicaid eligibility criteria that are more restrictive than SSI criteria, so long as the criteria are not more restrictive than those in the State's approved Medicaid state plan in January 1972. 209(b) States may be more restrictive in defining blindness or disability, or more restrictive in their financial requirements for eligibility. However, aged, blind, and disabled Medicaid applicants must be allowed to spend-down (deduct medical expenses from income not including SSI or optional state supplementary payments in determining eligibility) in 209(b) States, regardless of whether or not the State has a medically needy program. Thirteen States use the 209(b) option for Medicaid coverage of aged, blind, and disabled SSI recipients.

An amendment included in the 1986 SSI disability amendments (The Employment Opportunities for Disabled Americans Act of 1986 or PL 99-643) required effective July 1, 1987, that 209(b) States continue Medicaid coverage for those SSI recipients who were eligible for Medicaid under a State's more restrictive criteria beginning with the time the individual becomes eligible under Section 1619.

The same legislation required States to provide for continued Medicaid coverage for those individuals who lose their eligibility for SSI when their income increases because they become newly eligible for social security benefits as an adult disabled child or because of an increase in their benefits as an adult disabled child (see page 39). Protection against loss of Medicaid is also provided for certain blind or disabled individuals who lose their SSI benefits when they qualify for Social Security early aged widow's or widower's benefits beginning at age 60. The 1987 Budget Reconciliation Act provided that such individuals, who otherwise qualify for SSI on the basis of blindness or disability, will be deemed to be an SSI recipient for purposes of Medicaid eligibility until they become eligible for Medicare. This provision has been effective since July 1, 1988.

Further, the law requires coverage of "qualified severely impaired" individuals. Specifically, these are persons who in the month preceding application of the provision were eligible for Medicaid and received SSI, state supplementary payments (SSP), or special SSI payments. Further, the Secretary must determine for these persons that: they continue to be blind or continue to have a disabling physical or mental impairment; except for earnings, they continue to meet all nondisability related requirements for SSI eligibility; they do not have enough unearned income to make them ineligible for SSI payments; the lack of Medicaid eligibility would seriously inhibit ability to continue or obtain employment; and they do not have earnings that are reasonably equivalent to the benefits (SSI, SSP if provided, Medicaid, and publicly funded attendant care services) that would be available in the absence of earnings.

States may provide Medicaid coverage to additional groups of persons including recipients of State-only supplementary cash payments; certain institutionalized individuals whose income, before deductions, does not exceed a special income level (which may not exceed 300 percent of the SSI benefit amount payable to

an individual in his own home with no other income and resources); and certain noninstitutionalized disabled children who would be eligible if they were in an institution.

Recent legislative changes have expanded Medicaid eligibility to include, in addition to pregnant women and children, other individuals whose eligibility is based on the federal poverty levels. These groups include Qualified Medicare Beneficiaries (QMBs), Qualified Disabled and Working Individuals (QDWIs) (both of whose eligibility depends on eligibility for Medicare Part A), and an optional aged and disabled individuals group. While the full range of Medicaid benefits is available to the last group, benefits are limited for QMBs and QDWIs. For QMBs, benefits are limited to payment of Medicare Part A and Part B premiums, coinsurance, and deductables. Benefits for QDWIs are limited to payment of Part A premiums.

Medically needy. Thirty-five States and jurisdictions provide medically needy coverage. States also cover the medically needy under their Medicaid programs. These are persons: (a) who, except for income and resources, fall into one of the categories covered by the State (i.e., aged, blind, disabled, families with dependent children, pregnant women, and children); and (b) whose income and/or resources are in excess of the standards for categorically needy coverage. A State having a medically needy program must, at a minimum, provide coverage to children who would be eligible as mandatory categorically needy, and to pregnant women who would be eligible as either mandatory or optional categorically needy except for their incomes and resources. As a minimum, the State is required to offer ambulatory services to these children and prenatal and delivery services to the pregnant women. However, most States that offer medically needy programs also cover additional categories of persons.

States having medically needy programs establish income and resources standards. They must be based on family size, uniform for all individual in a covered group, and reasonable. Further, for purposes of federal matching payments, the income standard after spend down can not exceed 133 1/3 percent of the maximum payment for similarly sized families under the State's AFDC program.

Many persons who become medically needy do so only after they have reduced their incomes and/or resources to the requisite level. The process by which individuals reduce their income to the standard is known as the "spend down." For example, if an applicant has a monthly income of $400 and the State's income standard is $350, the applicant would be required to incur $50 in medical expenses (i.e., spend down) before he would be eligible for Medicaid.

4. Food Assistance Programs

Funding and General Eligibility Information

Federal food assistance is provided to individuals in basically two ways: directly through issuance of food (or coupons redeemable for food) for at-home consumption, and indirectly though the provision of cash and/or commodities for meal service programs. Programs providing food for at-home consumption include the food stamp program and the special and commodity supplemental food programs for women, infants and children. Eligibility for programs that provide food for at-home consumption is limited to those

who are needy, with need normally determined by income. Meal service programs include most child nutrition programs (school lunch, breakfast, child care food, summer food and special milk programs) and the elderly nutrition program.

Eleven programs provide some form of food assistance to the economically disadvantaged. These programs provide over $21 billion of assistance: 94 percent of the funds or equivalent in commodities comes from the Federal Government, and six percent from State and local government sources (according to Fiscal Year 1982 expenditures). These programs are presented in Table A-IV.

The Food Stamp program; School Lunch Program; Special Supplemental Food Program for Women, Infants and Children (WIC); and the School Breakfast Program are examined below. These programs total almost $20 billion, or 92% of the total made available for food assistance. Of the remaining seven programs, four account for one percent or less of the total amount available for food assistance. Each program deals with a particular group or commodity.

The 11 programs providing food assistance to the economically disadvantaged rely on four different eligibility tests. The four programs that are focus of this chapter rely on an official poverty measure limit as well as enrollment in another program (such as AFDC); three others rely on only an official poverty measure limit; and four others on one of four different standards.

Food Stamp Program

Purpose and Administration

The Food Stamp Program is designed to increase the food purchasing power of eligible low income households to a point where they can buy a nutritionally adequate low-cost diet. For most persons participating in the Food Stamp Program, food stamp aid represents a second or third form of government payment. Fewer than 20 percent of food stamp households rely solely on nongovernmental sources for their cash income, although nearly 30 percent have some income from these sources (e.g., earnings,private retirement income). The AFDC program contributes to the income of about 38 percent of Food Stamp households, and for two-thirds of them AFDC is their only cash income. SSI benefits go to some 18 percent of Food Stamp households, and almost one-third have no other income. About 20 percent of Food Stamp households receive social security or railroad retirement benefits. And over 15 percent are paid general assistance, unemployment insurance, or workers' compensation benefits.

The regular Food Stamp program operates in all 50 States, the District of Columbia, Guam, and the Virgin Islands. The Federal Government is responsible for virtually all of the rules that govern the program; these rules are nationally uniform with limited variations. States, the District of Columbia, and the territories may choose to offer the program or not. However, if they do offer food stamp assistance, it must be made available throughout the jurisdiction and comply with federal rules.

At the federal level, the program is administered by the Agriculture Department's Food and Nutrition Service (FNS). The FNS gives direction to welfare agencies through federal regulations that define eligibility requirements, benefit levels, and administrative rules. State welfare agencies are responsible for the day-to-day administration of the Food Stamp program. Most often, the program is operated through the same welfare agency and staff that runs the AFDC and Medicaid programs.

TABLE A-IV
FUNDING FOR FOOD ASSISTANCE PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED
(in millions of dollars, Fiscal Year 1988)

PROGRAM	FUNDING DATA			
	FEDERAL EXPENDITURES	STATE EXPENDITURES	FEDERAL/ STATE TOTAL	PERCENT OF TOTAL[1]
Food Stamps	$ 13,289	$1,080	$14,369	67%
School Lunch Program	3,057	N.A.[2]	3,057	14%
Special Supplemental Food Program for Women, Infants and Children (WIC)	1,802	N.A.	1,802	8%
Temporary Emergency Food Assistance Program	588	N.A.	588	3%
Nutrition Program for the Elderly	424	163	587	3%
School Breakfast Program	463	N.A.	463	2%
Child Care Food Program	378	N.A.	378	2%
Summer Food Service Program for Children	139	0	139	1%
Food Distribution Program on Indian Reservations	64	N.A.	64	<1%
Commodity Supplemental Food Program	41	N.A.	41	<1%
Special Milk Program	1	N.A.	1	<1%
FOOD AID TOTAL	$ 20,246	$1,243	$21,489	100%

[1] Percent totals slightly higher than 100% due to rounding.
[2] N.A. means data Not Available.

Those state agencies determine eligibility, calculate benefits, and issue food stamp allotments following federal rules. They also have significant say about carrying out the Food Stamp Employment and Training (E&T) program and some administrative features of the program (e.g., the extent to which verification of household circumstances is pursued, and the method by which food stamps are issued).

Applicants of AFDC or SSI are informed of the availability of food stamp benefits. All AFDC applicants may apply jointly for AFDC and Food Stamps. SSI applicants can apply for Food Stamps when they apply for SSI if they live alone or with other SSI recipients. Some States use an application form with information needed for the various programs for jointly processed cases while other States require separate forms for each program.

Eligibility Requirements

The Food Stamp Program has financial, employment/training-related, and "categorical" tests for eligibility. Its financial tests require that most of those eligible have monthly income and liquid assets below limits set by food stamp law. Under the

employment/training-related tests, certain household members must register for work, accept suitable job offers, and fulfill work or training requirements (such as looking or training for a job) established by State welfare agencies. The limited number of categorical eligibility rules (at least in comparison to AFDC, SSI, and Medicaid) make some automatically eligible for food stamps (most AFDC and SSI recipients), and categorically deny eligibility to others (e.g., strikers, illegal and temporarily resident aliens, those living in institutional settings).

Income Eligibility Requirements. Except for households composed entirely of AFDC or SSI recipients (who generally are exempt from Food Stamp income requirements), monthly cash income is the primary food stamp eligibility determinant.

In establishing eligibility for households without an elderly or disabled member, the Food Stamp program uses both the household's basic (or "gross") monthly income and its counted (or "net") monthly income. When judging eligibility for households with elderly or disabled members, only the household's counted monthly income is considered; in effect, this applies a more liberal income test to elderly and disabled households.

Basic (or gross) monthly income includes all of a household's cash income, only excepting the following "exclusions" (or disregards): (a) payments made to third parties (rather than directly to the household; (b) unanticipated, irregular, or infrequent income, up to $30 a quarter; (c) loans (deferred repayment student loans are treated as student aid, see below); (d) income received for the care of someone outside the household; (e) nonrecurring lump-sum payments such as income tax refunds and retroactive lump-sum social security payments (these are instead counted as liquid assets); (f) energy assistance; (g) expense reimbursements that are not a "gain or benefit" to the household; (h) income earned by schoolchildren; (i) the cost of producing self-employment income; (j) Federal postsecondary student aid (e.g., Pell grants, student loans) to the extent that it is used for tuition, mandatory school fees or expenses, loan origination fees, and miscellaneous education-related expenses; (k) non-federal postsecondary student aid (e.g., State or private scholarships) and federal aid under provisions other than Title IV of the Higher Education Act to the extent that it is used for tuition, mandatory school fees or expenses, and loan origination fees; (l) advance payments of earned income tax credits; (m) "on-the-job" training earnings of dependent children under 19 in JTPA programs, as well as JTPA monthly "allowances;" and (n) payments required to be disregarded by provisions of federal law outside the Food Stamp Act (e.g., various payments under laws relating to Indians).

Counted (or net) monthly income is computed by subtracting certain "deductions" from a household's basic (or gross) monthly income. It recognizes that not all of a household's income is equally available for food purchases by disregarding a standard portion of income, plus amounts representing work expenses or excessively high non-food living expenses. The counted (net) monthly income cannot exceed the federal poverty guidelines.

Households without an elderly or disabled member must also have basic (gross) monthly income that does not exceed 130 percent of the inflation-adjusted federal poverty guidelines. For these households, counted monthly income equals their basic (gross) monthly income less the following deductions:

- an inflation-indexed (each October) "standard deduction" set regardless of household size;

- 20 percent of any earned income, in recognition of taxes and work expenses;
- out-of-pocket dependent care expenses, when related to work or training, up to $160 a month per dependent; and
- any shelter expenses, to the extent they exceed 50 percent of counted income after all other deductions, up to an inflation-indexed (each October) ceiling set each fiscal year.

For households with an elderly or disabled member, counted monthly income equals their basic (gross) monthly income less the following deductions:

- the same standard, earned income, and dependent care deductions noted above;
- any shelter expenses, to the extend they exceed 50 percent of counted income after all other deductions, with no limit; and
- any out-of-pocket medical expenses (other than those for special diets) to the extent that they exceed a "threshold" of $35 a month.

Allowable Assets. Except for those households that are exempt from Food Stamp asset requirements because they are composed entirely of AFDC or SSI recipients, eligible households must have counted "liquid" assets that do not exceed federally prescribed limits. Households without an elderly or disabled member cannot have counted liquid assets above $2,000. Households with an elderly or disabled member cannot have counted liquid assets above $3,000.

Counted liquid assets include cash on hand, checking and savings accounts, savings certificates, stocks and bonds, individual retirement accounts (IRAs) and "Keogh" plans (less any early withdrawal penalties), and non-recurring lump-sum payments such as income tax refunds. Certain "less liquid" assets are also counted: a portion of the value of the first nonexempt vehicle that exceeds a "fair market value" of $4,500 and the greater of the portion that exceeds $4,500 or the equity value of all other nonexempt vehicles and the equity value of property not producing income consistent with its value (e.g., recreational property). Counted assets do not include the value of the household's residence (home and surrounding property), business assets, personal property (household goods and personal effects), burial plots, the cash value of life insurance policies and pension plans (other than Keogh plans and IRAs), and certain other resources whose value is not accessible to the household or are required to be disregarded by other federal laws.

Employment-related Requirements. States must operate a Food Stamp Employment and Training (E&T) program under which those work registrants not exempt by law or by the State must fulfill employment requirements as established by each State. In order to maintain eligibility, certain nonworking employable adult household members must register for employment and accept a suitable job if offered one. Failure to fulfill any E&T program requirement generally disqualifies the entire household, if the household head fails to comply. In some cases, failure to comply disqualifies the violating household member only.

States are given considerable flexibility in designing these E&T programs and in deciding who will be subject to their requirements. Exceptions are provided for: those caring for dependents (disabled or under age six); those already subject to another program's work requirement such as AFDC; those at least 30 hours a week or earning the minimum-wage equivalent; the limited number of postsecondary students

who are otherwise eligible; residents of drug addiction and alcoholic treatment programs; the disabled; and those under 16 or age 60 or older (those between ages 16 and 18 are also exempt if they are not head of a household or if they are attending school or a training program). FNS maintains a role in this process by reviewing and approving the provisions in the State plan.

Separately or as part of their E&T programs, States and localities may operate workfare programs. A State's program must include one or more of the following components: (a) programs designed to improve employability through work experience, training, or both; (b) projects, programs, or experiments aimed at accomplishing the purpose of an employment and training program, such as a supported work program, a JTPA program, or other State or local program; (c) job search training programs; and (d) job search programs with terms and conditions comparable to those prescribed for the AFDC program.

States must also accommodate the current participation-based performance standard (50 percent of mandatory participants must be placed in a component during the year) and the comparatively low funding levels (federal expenditures totalled $110 million in Fiscal Year 1989, including amounts matched by States.

An important pending change in the E&T program is replacement of the participation-based standard with an outcome-based performance system on April 1, 1991.

Legislation currently before Congress would expand the E&T program to include initiatives that help recipients become self-employed.

Categorical Eligibility Rules and Other Limitations. SSI beneficiaries may qualify for food stamps if they meet the food stamp income and assets requirements, except in California and Wisconsin. In these two states, the food stamp is "cashed out." In other words, these States have chosen to increase state supplemental payments in lieu of food stamps.

Few food stamp rules deny food stamp eligibility for reasons other than financial need (limited income or liquid assets) or compliance with work registration or other E&T program requirements. These rules are:

(a) The household's eligibility is barred for 90 days where the head of household has voluntarily quit a job without good cause;

(b) Households containing members on strike are ineligible, unless eligible prior to the strike;

(c) Postsecondary students (in school half-time or more) who are physically and mentally fit for work and between ages 18 and 60 are ineligible unless they are assigned to school by a JTPA program or as part of an AFDC JOBS program, are employed at least 20 hours a week or participating in a federally financed work-study program, or are a parent with responsibility for the care of dependent child under age 6 or an AFDC recipient;

(d) Eligibility is barred to illegal or temporarily resident aliens;

(e) Eligibility is denied persons living in institutional settings, except for those in special SSI-approved small group homes for the disabled, persons living in drug addiction or alcoholic treatment programs, and persons in shelters for battered women and children or shelters for the homeless;

(f) Boarders are ineligible unless they apply together with the household they are boarding with;

(g) Eligibility is denied those who transfer assets for the purpose of qualifying for food stamps;

(h) Those who intentionally violate food stamp rules are disqualified for specific time periods ranging from 6 months (on first violation) to permanently (on a third violation); and

(i) Those failing to provide social security numbers, or to cooperate in providing information needed to verify eligibility or benefit determinations, are ineligible.

School Lunch and Breakfast Programs

Purpose and Administration

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) provide federal cash and commodity support to assist states to provide subsidized school lunch and breakfast programs for participating schoolchildren. All meals must meet nutritional requirements specified in federal regulations.

At the federal level, the program is administered by the FNS. Within broad federal requirements, state educational agencies generally administer the programs through agreements with local schools or school districts. (On occasion, the program is administered by an FNS regional office or by an alternate state agency.) School boards and local school administrations perform eligibility determinations, meal counting, and financial record keeping for both programs. Any public school or private nonprofit school of high school grade or under is eligible to participate in the programs, as are public or private licensed and nonprofit residential child care institutions (such as orphanages).

Eligibility Requirements

School breakfast and lunch authorities are required to determine a family's eligibility on the basis of its current rate of income. Countable income limits per family of four for the 1989-90 school year are $15,730 for free breakfast and lunch, and $22,385 for reduced-price breakfast and lunch. Corresponding limits in the 1988-89 school year were $15,145 and $21,550. Income eligibility guidelines are annually adjusted for inflation.

Each program has a three-tiered reimbursement system that allows children from households with incomes at or below 130 percent of the poverty line to receive free meals, permits children with incomes between 130 percent and 185 percent of poverty to receive meals at a reduced price, and provides a small subsidy for the meals of children with incomes above 185 percent of poverty.

Children in households receiving AFDC or food stamps are eligible to receive free breakfast and lunch. An estimated 49 percent of households receiving AFDC also receive free or reduced-price meals.

Special Supplemental Food Program for Women, Infants, and Children

Purpose and Administration

The Special Supplemental Food Program for Women, Infants, and Children (WIC) provides food assistance; nutritional education and counseling and adjudicative health services to low-income pregnant, breastfeeding, and postpartum women and their infants, as well as to low-income children up to age 5. Eligible persons receive supplemental foods that contain

nutrients thought to be lacking in their diets. The program is targeted to specific groups during critical periods of growth and development and is intended to prevent the occurrence of health problems and to improve the health status of persons at risk by supplementing their diets.

The WIC program is the responsibility of the FNS. The program is administered by State and local agencies. State agencies participating in the program may include state health departments or Indian tribal authorities serviced by Indian Health Service of the Department of Health and Human Services or recognized by the Department of the Interior. Local agencies must be public health or welfare agencies or nonprofit private agencies that contract to provide ongoing health services to substantial numbers of pregnant and lactating women, infants, and children. Local agencies screen and certify WIC participants, and provide nutritional assessments, food vouchers, nutrition education, and health referrals to participants.

Eligibility Requirements

To be eligible for WIC, persons must: (a) meet a State residency requirement; (b) meet an income standard; and (c) be individually determined to be at nutritional risk by a health professional. The maximum federal standard is 185 percent of the U.S. poverty income guidelines. However, States may set lower standards (i.e., between 100 and 185 percent of the federal guidelines) that correspond to income limits used in their other health care delivery programs. Some States set lower income limits than the national standard for all or part of their WIC populations.

Under the Child Nutrition Act of 1966, nutritional risk is defined as detectable abnormal nutritional conditions; documented nutritionally-related medical conditions; health-impairing dietary deficiencies; or conditions that predispose people to inadequate nutrition or nutritionally related medical problems.

5. Education Assistance Programs

Funding and General Eligibility Information

There are 17 programs providing some form of educational assistance. These programs provide almost $10 billion of assistance: 95 percent of the funds come from the Federal Government, and five percent from State and local governments (according to Fiscal Year 1988 expenditures). These programs are presented in Table A-V.

The Head Start program is examined below. Funded at approximately $1.2 billion, it accounts for 14% of the Federal/State/local funds available for federal education assistance programs. Four additional education programs provide training to the economically disadvantaged. Totalling only $516 million, these programs are "Vocational Education Opportunities, Disadvantaged" ($332 million), Special Programs for Students from Disadvantaged Backgrounds, or "TRIO" programs ($176 million), "Follow Through" ($7.2 million), and "Childhood Development Associate Scholarship Program ($1.4 million).

Six of the 17 programs (including Head Start and the four training programs noted in the paragraph above) providing education assistance rely on an official poverty measure limit. Nine programs utilize a standard for "income deemed needy" that is determined by one of several congressionally mandated needs analysissystems that are included in these programs' authorizing legislation. Other programs utilize a variety of tests.

TABLE A-V
FUNDING FOR EDUCATION ASSISTANCE PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED
(in millions of dollars, Fiscal Year 1988)

PROGRAM	FUNDING DATA			
	FEDERAL EXPENDITURES	STATE EXPENDITURES	FEDERAL/ STATE TOTAL	PERCENT OF TOTAL[1]
Pell Grants	$4,187	$0	$4,187	40%
Stafford Loans	2,664	0	2,664	25%
Head Start	1,206	0	1,508	14%
College Work-Study Program	588	0	588	6%
Supplemental Educational Opportunity Grants	408	0	408	4%
Vocational Education Opportunities, Disadvantaged Activities	166	166	322	3%
Chapter 1 Migrant Education Program	269	0	269	3%
Perkins Loans	186	0	186	2%
Special Programs for Students from Disadvantaged Backgrounds	176	0	176	2%
State Student Incentive Grant Programs	73	73	146	1%
Seven Other Programs	43	0	43	<1%
EDUCATION AID TOTAL	$9,966	$540	$21,489	100%

[1] Percent totals slightly higher than 100% due to rounding.

Head Start

Purpose and Administration

Head Start is a comprehensive preschool program that operates year-round. Head Start provides a wide range of services (educational, health, nutritional, and social services) to low-income children primarily ages 3 to 5, and their families. Its goals are diverse and include both helping the children and their families with their present circumstances and lessening the disadvantages faced subsequently by many such children in school and work. The services provided include cognitive language development; medical, dental, and mental health services (including screening and immunizations); and nutritional and social services. Parental involvement is extensive, through both volunteer participation and employment of parents as Head Start staff. Formal training and certification as child care workers is provided to some parents through the Child Development Associate program.

Head Start is administered by the Office of Human Development Services of the Department of Health and Human Services. States have only a modest advisory role,

although local governments are sometimes selected to operate Head Start programs.

Eligibility Requirements

Children from low-income families are eligible for participation in Head Start is their families' incomes are below the poverty line, or if their families are eligible for public assistance. Head Start does not have asset rules restricting eligibility. No more than 10 percent of the children, including handicapped children, in each Head Start program can be from nonpoor families (in other words, 90 percent must come from families with incomes at or below the federal poverty guidelines or from families receiving public assistance such as AFDC). At least 10 percent of total Head Start enrollment opportunities are to be available for handicapped children in each State.

Certain small, remote communities are permitted to establish their own eligibility criteria as long as at least half of the families are eligible under the income guidelines. To qualify for this authority, communities must have a population no greater than 1,000; be medically underserved; and lack other preschool programs or medical services within a reasonable distance.

In Fiscal Year 1988, approximately 47 percent of Head Start children were in families receiving AFDC benefits. At least 90 percent of the Head Start children are from families that have incomes at or below the poverty level or are receiving AFDC benefits.

6. Employment and Training Assistance Programs

Funding and General Eligibility Information

The six programs in this category providing a range of assistance to the economically disadvantaged (other employment and training programs that are part of a larger assistance program are presented with that larger program). These six programs total approximately $3.7 billion of assistance (in Fiscal Year 1988 expenditures): 98 percent of the funds come from the Federal Government, and 2 percent from State and local government sources.

The training for Disadvantaged Adults and Youth program, the Summer Youth Employment Program, and the Jobs Corp (Titles II-A, II-B, and IV-B of the Job Training Partnership Act, or JTPA) are examined below. These three programs account for over $3.2 billion, or 87% of the combined Federal/State expenditures for jobs and training assistance. Funding for all six jobs and training assistance programs is presented in Table A-VI.

The six programs providing assistance in this category utilize four different eligibility tests. The three JTPA programs examined in depth in this paper each use three standards: official poverty measure, Lower Living Standard Income Level

TABLE A-VI
FUNDING FOR EMPLOYMENT AND TRAINING ASSISTANCE PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED
(in millions of dollars, Fiscal Year 1988)

PROGRAM	FUNDING DATA			
	FEDERAL EXPENDITURES	STATE EXPENDITURES	FEDERAL/ STATE TOTAL	PERCENT OF TOTAL[1]
Training for Disadvantaged Adults and Youth	$1,810	$0	$1,810	49%
Summer Youth Employment Program	718	0	718	19%
Job Corps	716	0	716	19%
Senior Community Service Employment Program	331	37	368	10%
Foster Grandparents	57	17	74	2%
Senior Companions	23	8	31	1%
JOBS AND TRAINING AID TOTAL	$3,655	$62	$3,717	100%

[1] Percent totals slightly higher than 100% due to rounding.

(LLSIL), and enrollment in another program. The JTPA programs are the only federal programs that also include the use of the LLSIL in their eligibility determinations. The LLSIL is one of several market-basket estimates of living standards formerly produced by the Bureau of Labor Statistics that varies by region and within regions by urban areas according to cost of living.

Job Training Partnership Act Programs

Purpose and Administration

JTPA provides employment and training services for economically disadvantaged adults and youth, and others who face significant employment barriers. The aid is intended to increase participants' future employment and earnings and reduce their dependence on welfare. Title III of JTPA (the Economic Dislocation and Worker Adjustment Assistance Act), which provides assistance for dislocated workers, is not addressed in this report.

Training for disadvantaged adults and youth under JTPA Title II-A provides block grants to States to fund training and related services for economically disadvantaged youths and adults. The Summer Youth Employment Program (Title II-B) provides education and training services during the summer months for economically disadvantaged youths, usually jobs at public institutions such as schools or parks. Services authorized under Title II include basic and remedial education (classroom instruction), on-the-job training, job search assistance, counseling, and other work-related assistance.

JTPA emphasizes coordination between state governments and the business community in order to produce partnerships between those who administer the Act and those who know about private

sector job requirements. The coordination includes the following elements:

- State Job Training Coordinating Councils (SJTCCs) - formed by governors to provide recommendations on JTPA training components. Members include representatives from business and industry, local government, and the broader community, education, and labor; State legislators; and State agency personnel;

- Service Delivery Area (SDAs) - designated by governors to receive federal job training funds. Among the areas automatically eligible to be SDAs are units of local government with populations of 200,000 or more; and

- Private Industry Councils (PICs) - appointed by local elected officials to plan job training and employment programs at the SDA level. PICs serve as key mechanisms for bringing representatives from various segments of the private sector into the active management of job training programs. PIC membership includes representatives from business, educational agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and public employment services. The majority of a PIC's members must represent the private sector within the SDA, and the PIC chairperson must be a business representative.

At the federal level, JTPA is the responsibility of the Employment and Training Administration (ETA) of the U.S. Department of Labor. Title II-A and II-B activities are administered by States and SDAs/PICs. States are responsible for allocating funds to SDAs and for overseeing the planning and operation of local programs. The SDAs/PICs select participants and design projects within federal guidelines.

Governors have approval authority over locally developed plans and are responsible for monitoring program compliance. The Governor of each State is responsible for most of the initial program administrative decisions and, therefore, has potentially a very powerful role in overseeing the administration of Title II-A programs. The Governor's responsibilities include:

- determining the State agency that will administer JTPA at the State level, including operating programs and services in single-SDA States;

- certifying the membership of local private industry councils and appointing the members of the SJTCC;

- preparing an annual statement of JTPA goals and objectives to assist SDAs in planning their programs; and

- preparing a Governor's coordination and special services plan describing the use of all program funds and establishing criteria for coordinating JTPA with activities of other State and local agencies that have an interest in employment and training.

The Job Corps program is a smaller program ($716 million, funded under Title IV) that serves "economically disadvantaged" youths aged 14 through 21 who live in a "disorienting" environment and are in need of additional education, vocational training, and related supportive services to accomplish regular school work, qualify for other suitable training programs,

satisfy Armed Forces requirements, or secure and hold "meaningful employment." Job Corps enrollees are served primarily in residential centers where they receive basic education, vocational skills training, counseling, work experience, and health services. Job Corps enrollees receive personal allowances while participating in the program and readjustment allowances upon successful completion of the program. Job Corps programs are administered by the federal Government.

Eligibility Requirements

Eligibility requirements for the three JTPA programs are essentially the same. The law requires that at least 90 percent of JTPA participants in Title II-A be "economically disadvantaged." It defines an economically disadvantaged person as one who (a) receives cash welfare (AFDC) or is a member of a family that receives cash welfare; (b) receives food stamps; (c) has family income for the preceding 6 months that was not in excess of OMB's federal poverty guidelines or 70 percent of the LLSIL, whichever is higher; (d) is a foster child on behalf of whom State or local government payments are made; or (e) is a handicapped adult whose own income meets the program limit but whose family's income exceeds it. There are no rules regarding assets in this program.

With respect to eligibility criteria (c), the LLSIL standard is always higher than OMB's federal poverty guidelines. The OMB guideline for a family of four is $12,100. In only one area, the nonmetropolitan South, does 70 percent of the LLSIL approach the OMB level (at $12,170 for a family of four). In the continental United States, the highest LLSIL level is $15,690, found in the Washington, D.C./Maryland/Virginia Standard Metropolitan Statistical Area.

7. Other Services Programs

Funding and General Eligibility Information

There are 6 programs in this category providing a range of services from legal aid to emergency food for the economically disadvantaged. These six programs total almost $6.5 million of assistance: 69 percent of the funds come from the Federal Government, and 31 percent from State and local government sources (according to Fiscal Year 1988 expenditures).

The Social Services Block Grant program under Title XX of the Social Security Act is examined below. Title XX programs account for almost $4.7 billion, or 72% of the combined Federal/State expenditures for other services. None of the other programs is this category accounts for a billion dollars in expenditures. The other services programs and their expenditure data are presented in Table A-VII.

The six programs providing services in this category utilize four different eligibility tests to determine their respective recipients. The Title XX program relies on an income deemed "needy" standard decided by the States or localities.

Title XX Social Services Block Grant

Purpose and Administration

The purposes of the Title XX Social Services Block Grant (SSBG) program are to consolidate federal assistance to States for social services into a single grant, increase State flexibility in using social services grants, and encourage each State to furnish services directed at the goals of:

TABLE A-VII
FUNDING FOR OTHER SERVICE ASSISTANCE PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED
(in millions of dollars, Fiscal Year 1988)

PROGRAM	FUNDING DATA			
	FEDERAL EXPENDITURES	STATE EXPENDITURES	FEDERAL/ STATE TOTAL	PERCENT OF TOTAL[1]
Social Services Block Grant (Title XX)	$2,700	$1,980	$4,680	72%
State Legislative Impact Grants	930	N.A.[2]	718	14%
Commnunity Services Block Grants	377	N.A.	716	6%
Legal Services	306	N.A.	368	5%
Emergency Food and Shelter Program	114	N.A.	74	2%
Social Services for Refugees and Cuban/Haitian Entrants	65	N.A.	31	1%
OTHER SERVICES AID TOTAL	$4,492	$1,980	$3,717	100%

[1] Percent totals slightly higher than 100% due to rounding.
[2] N.A. means data Not Available.

- achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;
- achieving or maintaining self-sufficiency, including reduction of prevention of dependency;
- preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;
- preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

States are given wide discretion as to the services to be provided and the groups who may be eligible for services, usually low income families and individuals. In addition to supporting social services, the law allows States to use their allotment for staff training, administration, planning, evaluation, and purchasing technical assistance in developing, implementing, or administering the State social service program. States decide what amount of the federal allotment to spend on services, training, and administration.

Some restrictions are placed on the use of SSBG funds. Funds cannot be used for the following: most medical care except family planning; rehabilitation and certain detoxification services; purchase of land,

construction, or major capital improvements; most room and board except emergency short-term services; educational services generally provided by public schools; most social services provided in and by employees of hospitals, nursing homes, and prisons; cash payments for subsistence; child day care services that do not meet State and local standards; and wages to individuals as a social service except wages of welfare recipients employed in child day care.

The SSBG program is administered at the federal level by the Office of Human Development Services of the Department of Health and Human Services. In order to qualify for funding, the state government must submit a preexpenditure report to the Department of Health and Human Services that describes the services and activities to be supported and the categories or characteristics of individuals to be served.

Eligibility Requirements

States are free to establish their own eligibility criteria for Title XX social services. States decide what individuals and groups to serve and what fees, if any, to charge. Although States no longer have to set eligibility standards or target funds within certain statutory parameters, many States have chosen income eligibility criteria lower than the federal maximum income eligibility limits under the old Title XX law, i.e., 80 to 115 percent of median income. Currently, all States make all services available to all AFDC recipients, while making most services available to SSI recipients. Therefore, a person becomes eligible for SSBG aid by (a) having an income that falls below the State's eligibility level, (b) being an AFDC or SSI recipient, or (c) being the recipient of a service provided without regard to income (such as protective services to address abuse and neglect).

Reports for Fiscal Year 1988 indicate that the services provided in most States include home-based services (50+ States), child day care services (45 States), protective and emergency services for children (38 States), and employment education and training (38 States).

In Fiscal Year 1980 (the last year for which data under the previous Title XX program was available), 27 percent of those receiving services were AFDC recipients; 11 percent were SSI recipients; 4 percent were medicaid recipients who were not AFDC or SSI recipients; 21 percent of the recipients received services provided without regard to income or welfare status; and 37 percent were eligible according to income criteria.

APPENDIX B
Poverty Thresholds And Other Measures

The information presented in this appendix is derived primarily from Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986-88, compiled by Vee Burke, CRS Report 89-595 EPW, Congressional Research Service, Library of Congress, October 24, 1989.

POVERTY THRESHOLDS AND OTHER MEASURES

BUREAU OF THE CENSUS STATISTICAL POVERTY THRESHOLDS: 1988

	Estimated weighted average threshold: 1988*
1 person (unrelated individual)	$ 6,017
Under 65 years	6,153
65 years and over	5,672
2 persons	7,703
Householder under 65 years	7,957
Householder 65 years and over	7,156
3 persons	9,431
4 persons	12,091
5 persons	14,305
6 persons	16,151
7 persons	18,379
8 persons	20,322
9 persons or more	24,061

*Factor used to update 1986 thresholds: 1.04137 (representing the percent change in the average annual Consumer Price Index between 1986 and 1987).
Source: Census Bureau press release, January 19. 1989.

POVERTY THRESHOLDS AND OTHER MEASURES (CONTINUED)

OFFICE OF MANAGEMENT AND BUDGET
1989 FEDERAL POVERTY INCOME GUIDELINES

Poverty guidelines for all States (except Alaska and Hawaii) and the District of Columbia

Size of family unit	Guideline
1	$ 5,980
2	8,020
3	10,060
4	12,100
5	14,140
6	16,180
7	18,220
8	20,260

For family units with more than 8 members, add $2,040 for each additional member.

Poverty guidelines for Alaska

Size of family unit	Guideline
1	$ 7,480
2	10,030
3	12,580
4	15,130
5	17,680
6	20,230
7	22,780
8	25,330

For family units with more than 8 members, add $2,550 for each additional member.

Poverty guidelines for Hawaii

Size of family unit	Nonfarm family guideline
1	$ 6,870
2	9,220
3	11,570
4	13,920
5	16,270
6	18,620
7	20,970
8	23,320

For family units with more than 8 members, add $2,350 for each additional member.

Source: Federal Register, v. 54, no. 31, Feb. 16, 1989, p. 7097-7098.

POVERTY THRESHOLDS AND OTHER MEASURES (CONTINUED)

USDA FOOD STAMPS ELIGIBILITY LEVELS

Family size	Maximum income levels	
	Free meals 130% Federal poverty income guidelines	Reduced-price meals 185% Federal poverty income guidelines
48 States, District of Columbia, Guam, and Territories		
1	$ 7,774	$11,063
2	10,426	14,837
3	13,078	18,611
4	15,730	22,385
5	18,382	26,159
6	21,034	29,933
7	23,686	33,707
8	26,338	37,481
Each additional family member	2,652	3,774
Alaska		
1	9,724	13,838
2	13,039	18,556
3	16,354	23,273
4	19,669	27,991
5	22,984	32,708
6	26,299	37,426
7	29,614	42,143
8	32,929	46,861
Add for each additional member	3,315	4,718
Hawaii		
1	8,931	12,710
2	11,986	17,057
3	15,041	21,405
4	18,096	25,752
5	21,151	30,100
6	24,206	34,447
7	27,261	38,795
8	30,316	43,142
Add for each additional member	3,055	4,347

Source: Federal Register, v. 54, no. 72, Apr. 17, 1989, p. 15241 - 15242.

POVERTY THRESHOLDS AND OTHER MEASURES (CONCLUDED)
BLS LOWER LIVING STANDARD INCOME LEVEL (LLSIL) FOR A FAMILY OF FOUR: EFFECTIVE MAY 4, 1990 (for determining JTPA eligibility)*

Area	1989 adjusted LLSIL	70 percent of LLSIL
Northeast		
Metropolitan	$20,820	$14,570
Nonmetropolitan	20,470	14,330
North Central		
Metropolitan	19,670	13,770
Nonmetropolitan	18,500	12,950
South		
Metropolitan	18,680	13,080
Nonmetropolitan	17,380	12,170
West		
Metropolitan	20,600	14,420
Nonmetropolitan	20,360	14,250
Alaska		
Metropolitan	26,510	18,560
Nonmetropolitan	26,200	18,340
Hawaii/Guam		
Metropolitan	26,890	18,820
Nonmetropolitan	26,580	18,610
Standard Metropolitan Statistical Area		
Anchorage, AK	26,510	18,560
Atlanta, GA	18,950	13,270
Baltimore, MD	19,980	13,990
Boston, MA	22,260	15,580
Buffalo, NY	18,950	13,270
Chicago, IL/Northwestern IN	20,410	14,290
Cincinnati, OH/KY/IN	20,150	14,110
Cleveland, OH	20,290	14,200
Dallas/Fort Worth, TX	18,100	12,670
Denver/Boulder, CO	19,580	13,710
Detroit, MI	18,920	13,240
Honolulu, HI	26,890	18,820
Houston, TX	17,500	12,250
Kansas City, MO/KS	19,290	13,500
Los Angeles/Long Beach/Anaheim, CA	21,660	15,160
Milwaukee, WI	19,540	13,680
Minneapolis/St. Paul, MN	19,410	13,590
New York, NY/Northeastern NJ	21,480	15,040
Philadelphia, PA/NJ	20,510	14,360
Pittsburgh, PA	19,390	13,570
San Diego, CA	21,750	15,230
San Francisco/Oakland, CA	21,690	15,180
Seattle/Everett, WA	20,870	14,610
St. Louis, MO/IL	19,290	13,500
Washington, DC/MD/VA	22,410	15,690

*The Job Training Partnership Act (JTPA) and the Targeted Jobs Tax Credit provide that an "economically disadvantaged" person may have family income up to 70 percent of the LLSIL or (in the case of JTPA programs) 100 percent of the Federal poverty income guideline, if higher.

Source: Federal Register, v. 54, no. 63, Apr. 4, 1989, p. 13575 - 13577.

APPENDIX C

Income Eligibility Tests Used In Programs For The Economically Disadvantaged

The information presented in this appendix is derived primarily from Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986-88, compiled by Vee Burke, CRS Report 89-595 EPW, Congressional Research Service, Library of Congress, October 24, 1989.

INCOME ELIGIBILITY TESTS USED IN PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED

	Limit related to:*						
Program	Official poverty measure	Lower living standard income level	Dollar amount	Income deemed needy	Area of residence	Enrollment in other program	Other
MEDICAL BENEFITS							
Medicaid	X[1]			X[2]		X	
Medical care for veterans without service-connected disability			X[3]			X	
General assistance (medical)				X[2]			
Indian Health services					X		
Maternal and child health services	X[4]						
Community health centers	X[5]				X[6]		
Medical aid for refugees and Cuban/Haitian entrants				X[2]			
Migrant health centers	X[5]						
CASH AID							
AFDC				X[2]			
SSI			X[7]	X[8]			
Earned income tax credit			X				
Veterans' pensions			X				
General assistance				X[2]			
Foster care				X[2]			
Adoption assistance			X[9]	X[2]			
Emergency assistance				X[2]			
Aid to refugees and Cuban/Haitian entrants				X[2]			
DIC (veterans' parents)			X				
General assistance to Indians				X[2]			
FOOD BENEFITS							
Food Stamps	X					X[10]	
School lunch (free and reduced-price meals)	X					X[11]	
WIC	X					X[12]	
Temporary emergency food assistance program				X[2]			
Nutrition program for the elderly (no income test)							X[13]
School breakfast (free and reduced-price meals)	X					X[11]	
Child care food program	X						
Summer food service	X						
Food distribution program					X		
Commodity supplemental food						X	
Special milk (free segment)	X						

Adapted from Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenidture Data, FY 1986-88 by Vee Burke, Report No. 89-595 EPW, Congressional Research Service, Washington, D.C. October 24, 1989.

INCOME ELIGIBILITY TESTS USED IN PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED (CONTINUED)

	Limit related to:						
Program	Official poverty measure	Lower living standard income level	Dollar amount	Income deemed needy	Area of residence	Enrollment in other program	Other
EDUCATION							
Pell grants				X[14]			
Stafford loans (formerly guaranteed student loans)				X[15]			
Headstart	X						
College work-study				X[15]			
Supplemental educational opportunity grants				X[15]			
Vocational opportunities, disadvantaged activities	X					X	
Chap.1 migrant education (no income test)							X[16]
Perkins loans				X[15]			
TRIO programs	X						
State student incentive grants				X[2]			
Fellowships for graduate and professional study				X[15]			
Migrant high school equivalency							X[19]
Follow through	X						
Health professions student loans and scholarships	X[17]			X[18]			
Ellender fellowships				X[20]			
Child development associate scholarship program	X						
College assistance migrant program							X[19]
JOBS AND TRAINING							
Training for disadvantaged adults and youth	X[21]	X				X	
Summer youth employment	X[21]	X				X	
Job corps	X[21]	X				X	
Senior community service employment	X					X	
Work incentive program (WIN)						X	
Foster grandparents	X						X[22]
Senior companions	X						X[22]
SERVICES							
Title XX social services[23]				X[2]			
Community services block grant	X						
Legal services	X						
Emergency food and shelter							X[24]
Social services for refugees and Cuban/Haitian entrants				X[2]			
State legislation impact assistance grants[25]						X[26]	

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INCOME ELIGIBILITY TESTS USED IN PROGRAMS FOR THE ECONOMICALLY DISADVANTAGED (CONCLUDED)

[1]For certain groups (pregnant women, young children, the aged, the blind, and the disabled) States have the option to adopt the Federal poverty income guideline (or a multiple of it) as an income limit. Starting in 1989, States must begin to phase in use of the poverty income guideline for these groups.

[2]Need is decided by State (or locality).

[3]Dollar income test was begun April 1, 1986. Veterans receiving veterans' pensions or eligible for Medicaid are automatically eligible.

[4]The stated purpose of the Maternal and Child Health (MCH) Services Block Grant law is to enable States to assure access to quality MCH services to mothers and children, particularly those with low income (or limited availability of health services). The law defines low income in terms of the Federal poverty income guidelines. This block grant, which took effect in FY 1981, includes funding for crippled children's services.

[5]The law limits free care to those below the Federal poverty income guidelines.

[6]All residents of the area served are eligible, but fees must be charged the nonpoor.

[7]For basic Federal SSI payment.

[8]States decide need for an optional State supplemental to SSI.

[9]For a blind or disabled child.

[10]Households composed wholly of AFDC or SSI recipients automatically are eligible for food stamps.

[11]Food stamp eligibility is accepted as documentation of eligibility for the free school lunch and free school breakfast programs.

[12]Regulations provide that income limits shall not be lower than those for free or reduced-price health care, provided these limits are between 100 and 185 percent of poverty.

[13]The law requires preference for those with greatest economic or social need.

[14]Need is decided by a needs analysis system set forth in the Higher Education Act (HEA), as revised by the Higher Education Ammendments of 1986, P.L. 99-498, and the Higher Education Technical Amendments of 1987, P.L. 100-50.

[15]Need is decided by a needs analysis system known as the "Congressional Methodology," which is set forth in title IV, part F of P.L. 99-498.

[16]There is no income test. Migratory children are presumed to be needy.

[17]For forgiveness of loans made to needy students who fail to complete studies.

[18]Need for loans is decided by the educational institution, by use of a needs analysis system approved by the Secretary of Education "in combination with other information" about the student's finances. For all health professional scholarships and for loans to students of medicine and osteopathy, Federal regulations define the required "exceptional financial need."

[19]Regulations require the educational institution to determine that migratory students need the financil assistance provided.

[20]Law makes eligible secondary students who are "economically disadvantaged," but does not define the term. There are no regulations.

[21]The Federal poverty income guideline is used if higher than 70 percent of the lower living standard income level of the Department of Labor.

[22]In States that provide SSI supplements, income limits can exceed 125 percent in poverty.

[23]Before P.L. 97-35, Federal law set an outer eligibility limit related to State median income and required one-half of Federal matching funds to be used for welfare recipients.

[24]Need is decided by voluntary agencies administering the benefits.

[25]Income test applies only to cash and medical aid provided with these funds. There is no income test for educational benefits.

[26]Eligible are persons enrolled in State/local public assistance programs that provide cash or health benefits to needy

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